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Montana economic development plan: focus group findings

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MONTANA
ECONOMIC DEVELOPMENT PLAN
Focus Group Findings

MONTANA DEPARTMENT OF COMMERCE

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TABLE OF CONTENTS

INTRODUCTION 2

INTERNAL BUSINESS FACTORS
- Product 4
- Marketing & Sales 4
- Management 5
- Money & Finance 5
- Employee Skills 6

EXTERNAL BUSINESS FACTORS
- Market Location 7
- Infrastructure 7
- Quality of Life 7
- Transportation 8
- Telecommunications 8

GOVERNMENT POLICY
- Taxes 9
- Regulations 9
- Incentives 10
- Educational System 10

FOCUS GROUP NOTES
- Wolf Point 11
- Glendive 15
- Billings 18
- Havre 21
- Helena 23
- Great Falls 27
- Butte 31
- Bozeman 33
- Missoula 37
- Kalispell 41
- Labor Representatives 45
- Montana Science & Technology 47

Economists and most economic development professionals understand that

a state can only stimulate development by attracting and expanding activities that draw purchasing power from outside.

They know that a state cannot increase the aggregate purchasing power of its citizens and businesses by, as the phrase goes, "taking in each others laundry." To use another analogy, local players in a poker game cannot be net winners by playing with each other. They will only redistribute money among themselves. To improve their wealth, they need fresh money on the table.

—*State Policy Reports*

Montana's Proposed Economic Goals

- *To produce high-paying quality employment that is sustainable;*
- *To produce employment in industries that are environmentally acceptable; and*
- *To distribute this employment throughout the state.*

For Montana's economy to meet these goals we must encourage and nurture an environment for business that is capable of attracting and sustaining successful industries by providing them with the proper tools and assisting them over any hurdles that may arise.

To achieve this we must first find what the necessary components are for companies to be successful in a global economy from within Montana. Once these components are identified, we can then determine the degree to which they exist in the state and how we can improve upon or supplement them.

The information on the following pages outlines some of the basic components that to some degree effect all businesses in the United States today. With the assistance of focus groups from around the state we will examine each of these components to see how they effect Montana businesses as well as taking inventory of the assets, resources, and tools already available to us. These focus groups will help to identify any gaps, make comparisons to other state governments, and to prioritize the components that will make the greatest positive difference for the state of Montana.

It is important to have a good understanding of economic growth and how different types of activity effect an economy. A recent issue of *State Policy Reports* quoted on the previous page goes on to say:

> Locally oriented economic activity, called *endogenous* activity, accounts for the bulk of the nation's jobs and income. It includes practically all employment in state and local government, public utilities, retailing, health care, banking and real estate, restaurants, theaters, and construction and repair of housing and buildings, like schools and retail stores, that serve local customers.
>
> The primary activities *exogenous* to state economies produce goods to export to other states and nations – mining, agriculture, and manufacturing. Some service providers, like mutual fund companies and ad agencies, also export. A state can also stimulate its economy by attracting customers from outside, such as tourists and retirees, and when the federal government redistributes taxpayer money from other communities to spend at in-state federal installations like military bases and research facilities. . . . The ideal measure of how states are doing in developing their economies would focus on all exogenous economic activities.

INTERNAL BUSINESS FACTORS

✦ PRODUCT ✦

FOCUS GROUP FINDINGS

More R&D is needed to develop products that will keep Montana visible in a worldwide marketplace.

Montana needs to develop a system that can match existing capabilities and assets with the needs of interested parties on both a national and international scale.

Value added products should be concentrated on first for development so that Montana can draw upon its existing strengths rather than just shipping out our raw materials to be developed elsewhere.

The state should invest in facilities that could be used by businesses for R&D purposes.

The state should concentrate on developing manufacturing jobs because in general they have a greater positive impact on the economy.

Montana should assist in developing irrigation infrastructure which will allow new product development in the agricultural sector by allowing farmers to grow much higher value crops.

University R&D needs to be focused on developing marketable products that can be produced in Montana.

Both the State and the private sector need to put more dollars into R&D.

State should find a mechanism to help pay for feasibility studies for product or market development.

✦ MARKETING & SALES ✦

FOCUS GROUP FINDINGS

Small businesses in Montana tend to think too small. They need to diversify into more or bigger markets in order survive and continue to grow.

Businesses need help obtaining cost-effective marketing assistance to break into these new markets.

Montana businesses need to network more and cooperate better with similar businesses in order to reach common goals.

The state needs to become more proactive in assisting businesses with getting Montana products out on a national and international scale.

State Government needs to be involved in market research which would identify potential products that could be produced in Montana and successfully marketed nationally and internationally (identify needs that Montana companies could fill).

State needs to develop a catalogue of people who understand and have successsfully marketed in specific industries that can provide product specific access information to Montana companies.

Need to be more aggressive in promoting "Montana" and the quality image that the name implies both nationally and internationally. Also need to advertise Montana as a good location to do business just as we do in tourism.

INTERNAL BUSINESS FACTORS

✦ Management ✦

Focus Group Findings

Business owners need to better educate themselves about management issues or delegate those responsibilities to people who better understand these issues.

There are plenty of programs available to assist business owners with management issues, but they are not getting to those people who need the assistance.

The state should develop a "How-To" packet that informs businesses on where they can go to get specific assistance with management and other issues.

The state should provide more operating funds for local programs which provide management assistance and finance for business.

Attitudes toward labor unions needs to examined.

Its not jobs, its good jobs.

✦ Money & Finance ✦

Focus Group Findings

There is a lack of venture capital funds available for investment in Montana businesses.

Many banks and bankers are too conservative in the scope of loans they will make because they do not understand many of the projects that come before them nor do they have a good understanding of how government loan programs can assist them in loan packaging.

There is money available for businesses to use for start-up or expansion, but the state needs to do a better job of advertising its success stories to better educate people about what is available and where to find it.

The loan programs that are in place need to make more money available for technical assistance and administrative costs.

The time it takes to apply for and receive financial assistance through government programs needs to be shortened so that the money can be put to use while it is most needed.

Banks should consider forming consortiums in conjunction with state and federal loan programs that will help spread the risk of business loans and raise the dollar amount of assistance that would be available.

MBDC interest rates should be lowered to a more competitive rate.

The state should modify investment statutes that the Board of Investments operates under (Prudent Investor Rule) to encourage state funds to be invested in Montana businesses.

There are large funding (debt and equity) gaps for business in Montana and the state should develop or modify existing programs to fill those gaps.

There are many pension trust funds that will invest in businesses at rates 1% less than banks.

INTERNAL BUSINESS FACTORS

✦ Employee Skills ✦

Focus Group Findings

It is difficult to find qualified, technically skilled employees in the state of Montana.

There is a huge gap in the skill level between a high school graduate and a college graduate with very few people in between with the technical skills that most modern-day jobs require.

Montana's relatively low pay scale makes it hard to keep qualified help and the general lack of employment opportunities forces many of our best employees out of the state.

The excellent work ethic of Montanans is one of the state's biggest assets.

More state and federal money should be made available for job training programs.

There is a wage structure problem in Montana—employers don't pay enough to attract or keep the technically skilled employees they need.

EXTERNAL BUSINESS FACTORS

✦ Market Location ✦

Focus Group Findings

Many of the businesses in Montana have a non-business link to the state that attracted them and keeps them in the state even though they know that there may be certain disadvantages to doing business here.

There is a big misperception that Montana's distance from major markets makes us competitively disadvantaged, when in fact that is not true for most businesses.

The state's vast expanses and distance from major markets does increase business travel time and expense.

For the first time in history, market location for Montana is not necessarily a detriment for many businesses because of the internet and improved communications technology.

✦ Infrastructure ✦

Focus Group Findings

There should be more statewide investment in current basic infrastructure needs because they are necessary and they will only cost more in the future if they keep being postponed.

Many areas of the state are losing business or failing to attract business because they lack many basic infrastructure needs of businesses.

There needs to be better planning and more long-term thinking on both the local and state levels to meet the infrastructure needs of tomorrow.

Local communities need to cooperate with each other to get common infrastructure projects completed.

The state needs to change the funding cycle for the infrastructure programs from every two years to each year. The current cycle makes it more expensive and much harder to coordinate with other federal programs.

✦ Quality of Life ✦

Focus Group Findings

The quality of life in Montana is what attracts and keeps the great people in our state and it is one of our biggest assets that offsets many other possible disadvantages.

The cost of living in certain areas of the state is too high for many entry level workers.

EXTERNAL BUSINESS FACTORS

✦ TRANSPORTATION ✦

FOCUS GROUP FINDINGS

Transportation in general in Montana has limited options and is costly in both time and money spent on it, making many Montana business less competitive.

The railway industry in Montana is also limited in options, meaning that consumers pay more for freight shipping and are inconvenienced by few stops and poor availability of services.

Air travel in Montana is also limited and costly. The state should investigate assisting the industry with alternatives such as subsidizing more airline stops or creating Canadian travel options.

The state and/or private industries should seriously consider creating centralized shipping centers to help combat the high cost of freight shipping in and out of Montana.

The state should assist in matching trucking needs in and out of the state so that the trucking industry could create more backhauls that would make trucking a more viable shipping option for Montana businesses.

✦ TELECOMMUNICATIONS ✦

FOCUS GROUP FINDINGS

Telecommunications in general, and video-conferencing in specific, go a long way towards making Montana's remote location less and less of an issue.

Proposed changes by the F.C.C. in phone industry subsidies will greatly impact Montana adversely by making our phone rates uncompetitive with the rest of the nation.

Having a good telecommunications infrastructure in place is critical for attracting and keeping businesses in the state. Montana cannot afford to fall behind or become less competitive in this area.

Voice mail at the state is perceived by the public as inconvenient. They would rather talk to a person when they call or at least have their message answered in a timely manner.

Montana absolutely must keep up with state of the art telecommunications technology and must eliminate any disincentives that exist for the private sector to invest in this technology.

GOVERNMENT POLICY FACTORS

✦ Taxes ✦

Focus Group Findings

Property taxes in Montana are high compared to other states. This makes Montana a less attractive option for businesses looking to locate here and makes existing businesses less competitive in the marketplace.

The business equipment property tax in Montana is too high. This also makes Montana a less attractive option for businesses looking to locate here and makes existing businesses less competitive in the marketplace.

Worker's Compensation rates are also high compared to other states.

Montana is running businesses out of the state and failing to attract new businesses because the high tax structure gives the state a non-business-friendly reputation.

The state needs to look at serious tax reform, taking the burden off of property taxes and adding a general statewide sales tax to increase overall revenues.

✦ Regulations ✦

Focus Group Findings

The state needs to develop a one-stop-shop where businesses can go to get any relevant information they may need, get answers to any questions they may have, find out about any related agencies they may need to contact to get their project completed, etc.

The state needs to become more user-friendly by changing its general approach from being a regulatory enforcer to being an enabler by becoming more customer service oriented.

There needs to be more cooperation and coordination between state agencies so that they can better serve the public.

There also needs to be better cooperation and coordination between local and state agencies so that they can better serve the public and get necessary projects completed in a timely manner.

Building codes and inspection practices need to be updated and simplified so that they are not so time-consuming and confusing.

The apprentice programs for plumbers and electricians needs to be overhauled so that they are not so restrictive as to create voids in the areas they are supposed to be creating qualified jobs in.

The state needs to allow more flexibility in its regulations so that communities can find creative ways to complete projects and try alternative methods that could save time, money, and resources.

The state needs to simplify the process for getting financial assistance to local communities and change the infrastructure funding cycle from a two-year to a one-year cycle.

Government needs to outreach for labor involvement in policy discussion and meetings.

GOVERNMENT POLICY FACTORS

✦ Incentives ✦

Focus Group Findings

The state of Montana does not offer specific incentives to attract a business that it does not offer all businesses. It is up to the local communities to provide further incentives if they are wanted or needed.

To assist in this, though, the state could provide tax incentives for businesses that reinvest money into their operations or give credits for R&D or job training programs.

The state should also look at creating an economic development center for the state such as other states have done.

Incentives should be tied to full-time employment and should be for good employers with good jobs, not just for anyone who applies.

✦ Education System ✦

Focus Group Findings

Montana needs to develop more two-year technical programs that teach the skills that current employers are looking for and address the gap in skills between a high school graduate and a four-year college graduate.

High schools and the university system need to coordinate their efforts with local businesses to better match the skills of their graduates with the needs of Montana employers.

The university system needs to become more involved in real-world R&D and market research in conjunction with Montana businesses.

Entrepreneurial skills need to be taught at the high school level.

There is a great need for more adult education classes such as the Next Level course as well as more telecommunications courses being made available through the university system.

Wolf Point Focus Group - Afternoon Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Marketing/Sales

Harder to get assistance in these areas than with the other internal components.

People think too small; only want to deal locally.

- Need to get into more and/or bigger markets to grow.
- Poor product development key reason small businesses stay small.

Product

Have lots of natural resources and capability to produce many things locally, but

- Can't compete against larger companies;
  - Limited financial resources to fight and/or compete with bigger competitors.
  - Rural location drives transportation costs both in and out too high.
    - The higher the demand for the product the less transportation costs effect.
- Process of getting finished products to market is too expensive.

Money/Finance

No capital investment money available in this area.

- Outsiders don't want to invest their money here because their return on investment is lower than they can get elsewhere.
- Local people can't save enough money to start themselves.
  - Co-ops help spread risk and limit individual investments.

Can't raise matching funds required by existing programs available.

- Need more help with gap financing (venture capital).

Need one-stop-shop to get information and assistance with all programs available (regional posts).

- General public doesn't know about programs much less who to contact.
- Educate bankers and local chambers on these programs more/better.

Need to cut the time necessary to apply for government programs.

- Funding may be available but not needed or wanted by time it comes through.

Biggest Local Assets

Lots of room for new facilities or expansion of existing ones.

- As long as area can handle size of operation (infrastructure, labor pool, etc.).

Quality of local workers.

- Skilled employees (sewing, assembly, metal presses).
- Biotechnology professor at Fort Peck College.

Affordability of area.

- Land costs, labor costs, housing costs all lower here.

Many retired and elderly in area.

- May have money to invest locally.
- Could develop projects aimed at these people.

II. External Components

Biggest Impediments to Successful Business Operation:

Transportation

Agricultural industries use railways, but only choice is Burlington Northern.

- Can truck as alternative but way more expensive. (Captive shipper.)

Small volumes shipped keep competitors from coming in to area.

Need to centralize shipping efforts to gain better leverage with shippers.

Infrastructure

Poor availability of basic infrastructure needs is a barrier to attracting new businesses.

Can't invest the money without the commitment from incoming businesses and can't get commitment without first investing the money (catch 22).

- Can't justify rate increase to upgrade on the chance of attracting new businesses.
- Can barely maintain current needs.

Regional recycling center would lessen strain at local level and start new business, but can't get project off the ground.

Possible answers to external problems:

Provide jobs and opportunities.

- Nurture existing businesses to expand and assist them to tap into bigger markets.
- Place emphasis on businesses that bring in outside money.
- Educate population on opportunities available to them.

Increase tourism.
- Encourage dude ranches and working farms as tourist destinations.
- Lack of people in this area is an asset.

Combining efforts.
- Small communities need to work together toward common goals.

III. Government Policy Components

Regulations

Centralization of government agencies efforts.
- Get programs and agencies to work together (one-stop-shop).
  - Need to look at "big picture" and stop fighting over turf.
- Agencies need to find level of need and then work to maintain that level.
  - Limited resources mean everybody has to work together.

Research why businesses leave Montana.
- Learn from our mistakes.
- Track jobs and try to re-attract to area.

CRP Program
- All that idle land weakens economy and has trickle down effect.
- Being used as a retirement plan.

Need better way of tracking unemployment.
- Unemployment figures not correct because people just leave area and aren't counted.
- Programs that use this information to assess need not getting accurate picture.

Bureau of Land Management
- Need limits on power - have no control over them.
- Always fighting with them over access and hunting.

Education System

College education not available in this area.
- Local money and kids leave area to find both education and jobs.

Entrepreneurial skill should be taught in public school system.
- Get them involved in product development, marketing research, etc., through Work Study Credits or similar programs.
- Also need more adult education classes like the Next Level program.

Taxes

Taxes continue to rise but counties and cities going broke.
- Low revenues because of small population.
- People pay in without seeing any benefits.

State has too much control over funds with too little understanding of local needs.

Wolf Point Focus Group - Evening Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Skills: Technical

Hard to find technically skilled employees in this area.
- In all phases from mechanics to managers.

Education

Farmers need to be better educated to be successful today.
- Need to understand finances, new technologies, etc. better.

Lots of good ideas by people with no business education.
- Don't know how to get started or where to get capital.

Money/Finance

People with capital to invest are limited.
- Local residents do not have the money to invest and people from outside this area are leery of investing here because their return on investment (ROI) is lower than they could get somewhere else.
- Loss of population contributes to this small pool of capital.
- Risk-aversive area. People very conservative with their money.
  - Shared risk ventures that limit potential loss get some projects off the ground.

Need more research and development on products before investing.
- Could be accomplished through better cooperation between agencies to coordinate efforts.

Operating loans are scarce for farmers.

- Has trickle down effect on economy.

Product Assets that Could be Developed

There is a big potential in this area for irrigating crops.
- Could grow alternative crops that are more profitable that wheat.
  - Would then need to build expensive processing plants for these crops.
- Would allow some diversity instead of all farmers growing the same crop.
  - Some resistance to this by the "old school" of farmers.
- Financing becomes a problem with these alternative crops.
  - Big investment for new equipment.
  - No assistance is available from the state because no jobs are created.
    - Example: Ethanol plants are very expensive to build and demand is small at this time, but market is growing. No resources are available now to build plant that would be viable in the near future.

Importing Russian tractors that are much less expensive.
Establishing feed lots in conjunction with ethanol plants.
- Ethanol by-products can be fed to animals.

Establish oil refineries to process oil taken from area instead of shipping out of state for refining.
Developing natural gas as alternative electricity source.
Building a bottling facility to supply shipping-ready containers for processed oil products.
Building a wheat processing facility that would produce high-gluten flour that is in demand for specialty baking needs.
- Either ship flour out to bakeries or produce finished goods here and ship out.

Incorporate the Montana name into a broader line of Western products.
- Boots, clothing, anything "Western."
- Providing more and/or better advertising for existing Made in Montana products.

Expand game farms for profit.
- Pheasant, elk, fish, etc.

Promote hunting trips in area more.
Putting together a consortium of Native American craft makers for a mail order business or craft market.
Building greenhouses for year round production of produce.

II. External Components

Biggest Impediments to Successful Business Operation:

Perception

People do not seem to want to come to rural areas.
- Availability of employment, especially for spouses, may be big reason.
- Not a lot of things to do in smaller communities.
- Viewed as poor.

Transportation

Costs are very high in Montana, but even worse in rural areas.
Options available, but all are expensive.
High cost of shipping material in and products out makes products uncompetitive.

Infrastructure

Good water for drinking and irrigation is not readily available.
Montana in general and rural areas in specific are falling behind technologically.
- More money needs to be made available for technological assistance.

Biggest Local Assets

Quality of life in Montana is very good.
- Lots of space and great outdoor recreation opportunities.
- Relatively low housing costs in rural areas.

Infrastructure
- Location becoming less of an issue.
- Fiber optic network almost completed.

III. Government Policy Components

Regulations

Department of Labor rules restrict the training of electricians and plumbers.
- Results in few electricians and plumbers in rural areas, makes new building and repairs more difficult and time consuming, and adds to total cost of project.

Montana in general behind on interstate commerce issues.
- Ex: Montana businesses cannot deliver to North Dakota because of sales tax (without time-

consuming documentation), but not vice versa.

- North Dakota trucks should have to get Montana licenses if delivering in Montana.

State banks more limited on financing that national banks.

- Lending limits are real hindrance, especially in rural communities.

Less attention paid to rural areas by state.

- Uneven distribution of money and resources.

Need better coordination between rural areas and state agencies in order to keep up with technologies and to keep costs down.

Incentives

More support from government for existing businesses to expand and/or to get into more or bigger markets.

- Too much emphasis being put on attracting new business to state.

Montana has lots of good start-up financing programs available.

Should promote Eastern Montana as a great location for light manufacturing and high-tech industries.

- Provide tax incentives to companies for locating in rural areas.

Taxes

Gas taxes higher in Montana compared to neighboring states.

Education System

Montana university system not attracting Montana students.

- Costs getting too high.

Students not coming back to rural areas after getting education.

Since rural areas have so much trouble attracting qualified workers, then need to place more emphasis on training the people already here.

- Education through telecommunication is crucial for this.

Glendive Focus Group - Afternoon Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Marketing/Sales

Mobile society makes it harder to keep people in area.
- Have to market out farther because of this, which costs more money.
- Results in revenue leakage for retail operation.
- Need to enhance business climate to make people want to shop locally.

Product

The healthier the manufacturing industries are the healthier the retail climate is
- Retailers will follow the purchasing power.
- Bring in more manufacturing jobs and retail will follow.
  - Need to concentrate on creating manufacturing jobs in Eastern Montana.

Skills

Lack of entrepreneurial skills.
- Need to teach in schools in cooperation with local business people.
  - Kids won't know how to start manufacturing operations without training.

Shallow skilled labor pool because talent leaving rural area.
- Need to provide opportunities here so kids can/will stay.

Money/Finance

No risk takers in this area.
Hard to raise capital and matching funds in this area.
Need access to Coal Trust Fund.
- Need more money for programs already in existence.

Need to consolidate all the small loan programs into fewer bigger programs.
Local banks can't finance projects.
- Don't have enough money to lend for the bigger manufacturing proposals.
- Rural bankers don't understand non-agricultural businesses.
  - Take easy way out by saying too risky.
- Need to get banks to work together in prearranged consortiums for partnering on loans.
  - Lowers risk to each partner.

SBA loans have too many hoops to jump through for low lending limits ($750K).
Need to make more money available for packaging assistance (administrative costs) with existing programs.
State funding should not be used on risky business ventures.
Should look at state owned banks like North Dakota has.
- They have preset plans for specific loan amounts.
  - Instead of find financing, banks already know how to do it for them.
  - This one-stop-shop mentality saves time, stress, bureaucracy, etc.

Need more money for preserving small town downtowns.
- Promotes historic preservation and tourism.

Employee/Management

Management skills are a key factor in any business.
- Need to be taught in public schools.
- In conjunction with existing basic skills makes very good combination.

Product

Need better R&D before products get produced.
- Should match our assets with business needs on a global scale.

Biggest Local Assets

Quality of life.
- Rural areas are becoming more attractive to businesses.
  - Location not so important anymore with telecommunications.
  - Labor costs cheaper with quality employment pool.
- Need to provide funding for Eastern Montana to advertise itself.
  - CDBG should be available for this type of development.
- Information services fit nicely here with telecommunications.

Have lots of agricultural and natural resources potential.
- Need to develop businesses with things already have (value added).

II. External Components

Biggest Impediments to Successful Business Operation:

External problems less than the internal and government policy issues.

Transportation

Rural setting is factor in both transportation costs and time taken away from work.
Transportation costs are very high both in and out.
Have good roads but too small for trucking.
- Need state highway money for matching funds with federal money.
- East to West routes good, but North to South routes bad.
  - Means traffic goes through other states.

Infrastructure

Water and sewer systems getting very old.
- Can't expand and not properly maintained.

Need more statewide investment in basic infrastructure.

III. Government Policy Components

Regulations

Need to concentrate efforts on expanding existing businesses first.
Need better tracking of employment figures since funding is based on that.
- Use loss of population to offset unemployment numbers for grant consideration.

Flood plain creates insurance problems (dike out of specifications).
- Restricts new business development and can't expand current businesses.
- Need to get back into National Flood Insurance Program.

City, county, and state workers need to work together and think long-term.
- Penny-pinching won't help economic development.
- Need to work together more because of limited resources.

Takes too long to get people out to rural towns to get things done.
- More telecommunications would help in this area.

Need to simplify regulations attached to federal money.
- By the time federal money gets to local level it isn't usable.
  - Too time consuming especially if needs legislative approval (2 years).

Need to take antiquated laws off of books.
Making communities bid against each other to attract businesses not best idea.
- Need to look at factors other than money such as qualifications.

Telecommunications

Phone rate increases from deregulation will really hurt this area.
Voice mail systems overused at state agencies.
- People want to talk to people, not machines.
- Should stress importance of quick responses if message left.
  - Hours, not days, later.

Education System

More emphasis should be put on skilled labor.
- Employees need more than just high school diploma, but not four-year degree.
- Need to show kids that there are good jobs in technical areas (role models).

Taxes

Property taxes too high and too complicated for businesses.
- Should have dollar limit on business property tax ($10K).
- Need state sales tax to offset as long as it is revenue leveling (has to have cap).
  - Piece of sales tax should be earmarked for economic development funds.

Need exemption for tax-exempt electric co-ops to sell surplus power.
- Become taxable if sell power to subsidiaries.

Glendive Focus Group - Evening Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Money/Finances

Don't have knowledge of how and where to get capital.
- Lots of good ideas but don't know what to do next.
  - Lots of technical experience but no business experience.
- Need to develop information/instruction packets for these people.
  - In layman's terms for handout at banks, chambers, etc.
  - Provide professional assistance with loan packaging.
  - Will allow people to anticipate bankers' questions.

Not enough financing available.

Big gap between financing needed and what is available for export financing.
- Local banks can't handle and larger banks don't want to go under $5 million.
  - CDBG funds may work in this case.

Skills

Skilled labor pool very shallow here.
- Have to hire college graduates who use job as a springboard.
  - Can't attract and/or keep qualified employees.
  - Limited advancement opportunities with small companies.
  - Wages here low compared to elsewhere.
  - Leads to high turnover (up to 25%).
- Can't compete with welfare with minimum wage jobs.

II. External Components

Biggest Impediments to Successful Business Operation:

Market Location

Far from market here put is a trade off for the good work ethic here.

No reason to come to Glendive.

Most people just passing though on their way somewhere else.
- Need to create reasons to stop (recreation, sports, tourism).
- Stress quality of life here.

High-paying jobs leaving area.

Population

Need to attract new, clean businesses to area that will fill population base.
- Telemarketing, high-tech, etc.

Advertise manufacturing capabilities to other markets.

Can stress quality of life and tourism.

III. Government Policy Components

Taxes

High tax rates forcing businesses to relocate (going to North Dakota).
- Business property tax on equipment to high.

Worker's Compensation rates too high in Montana.

Regulations

Bureaucracy is big hassle.
- Too many restrictions that cause delays and cost too much money.
- Government acts like it is not interested in helping businesses.
  - No cooperation between agencies.
  - Can't get temporary licenses.

Education System

Quality education not available in area.
- Cost of school too high anymore.

Need to get tutors to help with small business seminars (Next Level).
- Way to overcome general lack of knowledge on business skills.

Economic Development

Local efforts limited by resources available.
- No money or real power to affect change.
- Need better cooperation with other agencies to accomplish common goals.

Billings Focus Group - Afternoon Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Attitude

Ineffective communications.
- Too busy with business to look at additional opportunities.
- Not looking for help with expanding/bettering business.
  - Not getting full benefits of networking, programs, etc.
- Need to get information to where people are (delivery).
  - Can't just go to the big cities.
  - Telecommunications abilities helps in the area.

Employees/Management

General lack of management expertise hurts growth.
- Financial, personnel, marketing weak areas for most small businesses.
  - Don't want to admit they are lacking in these areas.
  - Don't know how and/or when to seek assistance (don't know they don't know).

Money/Finances

Finances not available for training in small businesses.
- First thing cut when get spread too thin.

People spend all their money developing product and have no money left when go to bank.
- Or no understanding of costs and selling product for too little.

Need technical assistance with lending process.
- Montana is more reactive than proactive with offering assistance.

Banks don't have experience or inclination for business loans.
- Small banks just don't understand anything but agriculture loans.

Lots of funding available for starting new businesses if know where to look.
- Not very many problems with gap financing.
  - People packaging well and finding alternative like MBDC.

Need to educate these entrepreneurs on how to create equity.
- Mortgaging property, selling new truck, etc.

Marketing/Sales

Small businesses need better overall marketing.
- Can produce great but don't know how to market product properly.
- Need technical assistance with finding/expanding market.

Skills

Can't find qualified workers especially in technical areas.
- Best employees going out of state.

Have to train employees.
- Very expensive - need state assistance with job training.
- Once trained move on to better paying jobs (skill leakage).

Wage structure problem.
- Jobs here simply pay too little.
- More efficient operations with fewer employees key to raising wages.

Product

People have lots of good ideas but can't get off ground.
- Hit stumbling block that kills project (financing usually).

No research and development for new products.
- Producing old products and ideas.
- Not making what market is demanding.
- More time and money needs to be spent on product R&D if going to play on global scale.

Business Training

Need to find out exactly what businesses want and suit programs to them.
- Have lots of programs out there now that people aren't taking advantage of.
- Provide value and people will come.
- Need to provide better assistance at the expense of numbers helped (quality vs. quantity).
  - Spend more time with each person (hold their hand).

Need to work more with existing professional associations. .
- Can help find markets and opportunities (show carrot).
- Need state funding for this type of training.

Cluster like businesses together (create business consortiums).
- Shared training, going after bigger clients together, etc.

Biggest Local Assets

Value Added Products

- Need to produce more finished products rather than shipping out raw materials.
  - State should focus on this to help existing businesses survive and/or expand.
- State could help find markets to get into or expand into with value added products.
  - Identify needs abroad that Montana businesses can fill.
    - University system does some of this - needs to be advertised better.
  - State funding for this will be necessary.

Montana Image

- Need to market the Montana name more/better in connection with products.

II. External Components

Biggest Impediments to Successful Business Operation:

Education System

Schools need to better coordinate efforts with businesses and other programs.

- Producing workers that are not trained for what area businesses need.
- Need state money for job training along with more/matching employer money.

Need to educate employers on how to get more out of the University system.

- Using for job training, recruiting, etc.

Housing

Need to provide adequate, affordable housing for all of these employees we're trying to attract.

- Big problem in smaller communities.

Infrastructure

Need backup for fiber optics network.

- If line goes down, business could lose big dollars.
- Lost 440 job business because of this problem.

Montana in general needs to keep up with technologies.

- Especially because of distances in/from Montana.
- Need to educate the public on what is available to them and how it can help.
  - Lot of resistance to technology, but it can be very cost-effective.
- Need source for specific technical assistance.
  - Don't need full-day training for question about one particular function.
- Communities need to cooperate with each other on technical projects.
  - Need more Burns Telecommunications Center projects.

Transportation

Great mobility of today is bad news for smaller communities.

Need to provide subsidies to airlines to get better rates.

- State could help to address Delta cancellations and connections problems.

Rail cars not available for peak times.

- Possibly provide tax incentives for assistance with this problem.

III. Government Policy Components

Business Climate

State needs to change its overall approach to business.

- Incentives, taxes, attitude.

State needs to follow up on businesses that want to come to Montana better.

- Provide funding for more/better business recruitment.

Need to provide more assistance for existing business that want to expand, not just concentrate on attracting new business.

State lagging in expansion - need to become competitive with other states.

Regulations

Too many public and private programs out there with no coordination.

- Need to streamline efforts to save money and time and eliminate duplication.

Need more packaging assistance with existing loan programs.

- Second position of these funds very helpful to banks.

State needs to better understand regional economies and suit programs to them.

- Don't just form regions based on county or state lines.
- Urban and rural communities need to cooperate more rather than competing.

State needs to do more with adjoining states rather than foreign countries.

Coal Tax Fund

Need to tap into this fund and other reserves to "invest in ourselves."

- Could use this money for matching funds with federal programs.

Taxes

Provide tax incentives for businesses if they reinvest money in business.

Billings Focus Group - Evening Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Skills

Finding skilled labor difficult in this area.
- Can get out of MSU if take proactive approach to recruiting.
  - Providing grants, scholarships, internships, and summer jobs.
  - Nice if you have the resources to do.
- Losing lots of goods employees out of state initially.
  - Leave for better pay, but many come back for quality of life.

Marketing/Sales

Long distances and travel time are big hindrances to effective marketing.

Have to identify niches to get into for diversification.

Employee/Management

Want to provide flexible hours and work environment.
- Especially for single parents.
- Even going to flexible work stations.

Developed loan program for employees to purchase home computers.
- Raised computer literacy level and allowed for some work-at-home opportunities.
- Would rather have competent employees working 60% time than 0%.

II. External Components

Biggest Impediments to Successful Business Operation:

Telecommunications

Face-to-face meetings very difficult but still necessary.
- Video-conferencing allows this while saving time and money.
- Helps level playing field by making cost of business in Eastern Montana even with competition.
  - Even at $100 an hour for video-conference, it's cheaper than travel time and expenses.
- Can do most preliminary things with telecommunications and then take team to client with presentation rather than making lots of little trips.

Work with satellite offices via modems and phones lines very well.

Need a reliable and available connection at both ends to do this though.
- Would pay to belong to business consortium that shared a system.

Transportation

Air travel costs very high in Montana.

Travel time also adds up quickly when drive to save money over flying.
- Either have to absorb cost or pass on to client.

Infrastructure

Maintenance not being done because of cost. Will cost more later.

Education System

Montana educated kids are quality employees and technically competent.

III. Government Policy Components

Taxes

High tax rates has direct relation to how much money clients have to spend.

Regulations

Fear of litigation very time consuming.
- Spend 30% of time just covering tracks with paper trail.

Building inspectors reactive rather than proactive.
- Catch things after they're installed.
- Good to work with in general but spread too thin.
- Medical building overregulated.
- Should be central location for all agencies involved in building process.

Building codes often conflicting.

Architectural bids more subjective than objective.
- Too politicized, needs to be consistent.
- Should be in-state preference given.

Havre Focus Group - Combined Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Attitude

Too reliant on status quo and very resistant to change.
- Misconception that economic development will bring strangers into community.
- Some want change but aren't willing to work for it.
- People wait until things are bad and are forced to look at alternatives.

Statewide problem of not realizing that economy is stagnant.

Employee/Management

Business don't use resources available to them.

Need to get farmers and ranchers to cooperate.
- Don't know how to enter business world.
  - Need the technical assistance to do this (extension services).
  - No risk takers (won't risk property on projects).
- Need younger, more educated farmers and ranchers to lead this movement.
  - Even hire someone with expertise if have to, but need strong leadership.
- State funds to help get agriculture co-op off ground.

Money/Finance

People have ideas and are willing to work but only limited resources available.
- Need more low interest start-up funds.
  - Need more administration funds with these loans as well.
- MBDC interest rates are too high for small businesses.
  - Give lower rate if bank turns down loan (no conflict then).
  - MBDC purpose is to get businesses to bankable situation.
- Borrowers don't have any equity to put up.
  - Especially in smaller communities.
  - Need venture capital in this area.

State has to be involved in these small loans.
- Now that people know what these loans can do maybe higher interest rates are not necessary.
- Should provide technical assistance for program participants.
  - Pool resources and get accounting, legal, etc., assistance.

Marketing/Sales

Highline needs to become a "destination" to get people to stop here.
- Fill downtown Havre with factory outlet stores (as example).
  - Retail going to bigger stores that small businesses can't compete with.
  - Must face reality and create alternative opportunities.

Need to market what is already here better.

Product

Need better R&D for developing new products and alternative markets.
- University system could help with research.

Skills

Hard to find skilled labor in this area.
- Especially plumbers and electricians.

Nothing to keep kids in Montana much less the rural communities.
- No jobs available or pay too low.

Biggest Local Assets

Quality of Life in Montana

Value Added
- Need processing plants to develop value added products.

Greenhouses
- Use water and free natural gas landowners get to develop year-round greenhouses.

II. External Components

Biggest Impediments to Successful Business Operation:

Transportation

Freight costs high both in and out.
- No options available (captive shipper).
- Have to absorb extra shipping costs in order to stay competitive.

Market Location

Need regional compost and recycling plant in area.
- Costs too much to ship out and costs too much to put in landfills.

Telecommunications

NorthNet at college allows video-conferencing locally.
- Available to business users for fee.
- Need to educate businesses on availability and how to use it.
  - Saves on travel time.
  - Allows access to national and global markets.
- Need to use to advantage for rural access to legislature.

Set up well for telecommunications for a small town.

Need to get all Montana systems compatible with each other.

Essential Services

Rural communities compromised in this area.

III. Government Policy Components

Regulations

General business climate is not very user-friendly because of regulations.

Often too much red tape in bidding process.
- Small businesses just don't bid which gives advantage to urban businesses.

Centralization of services makes things more difficult for rural areas.

Too many regulations turn honest people into dishonest people to make money.

Building permit process too slow and costly.
- Centralized in Helena with no feedback.
- Too few inspectors are spread too thin.

Infrastructure

Money needs to be spent here but it's all just too expensive for rural communities.
- Existing tax base reluctant to raise taxes for infrastructure needs.
- Need better planning from beginning (vital to economic development).
- State assistance with infrastructure needs very important.
  - Currently doing good job with limited resources available.
  - State needs to educate local governments on availability of assistance.
- Rural communities need to combine efforts to get projects done.
  - Emphasis is still on urban development first.

Taxes

Rural attitude towards taxes getting worse.
- Tired of having to pay more and more in and getting less and less back.
  - Uneven distribution of resources.

Priority should be on developing small businesses in Montana.
- Need tax reform to foster these businesses.
  - Worker's Compensation rates too high (no incentive to create jobs).
    - Should have state provided insurance rather than just worker's compensation.
  - Tax structure penalizes businesses for doing well.
  - Property taxes too high.
    - Schools should not be funded on property taxes.
- Population base too small to handle current tax structure.
  - Sales tax would equalize burden.
    - Should use to fund education instead of property taxes.

Telecommunications

State phones not answered by person.
- Want to talk to human not a machine.
- If leave message needs to returned promptly.

Education System

No entrepreneurial skill instilled in kids at any level of education.

Politics

Rural communities have no real clout with legislature.
- Frustrating to have ideas but no support for them.
- Rural communities need to coordination to work toward common goals.
  - Form lobbying group for better legislative awareness and cooperation.

Helena Focus Group - Afternoon Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Skills

Hard to find people with specific, high-tech/trade skills.
- Shortage of electricians, plumbers, welders, machinists, etc.
- Need people with skills beyond high school but not four-year degrees.
  - Negative attitude towards "hands-on" work.
  - Need to educate that technical jobs are quality jobs that pay well.

Low wages in Montana compared to other states.
- Can't keep qualified people here nor attract people to area with low wages.
- Apprentice jobs not sustainable because work load not stable.

Hard to find good help now with good economy.
- The people who want jobs already have them.
- Need to establish a better "living wage."

Attitude

Helena area too comfortable because of the government job base.
- Perception is that we have everything already and don't need to attract new business to the area (complacent).
- This area doesn't experience the lows other areas do (subsistence level OK).
- Need to become less reliant on government jobs (diversify economy).

Need to attract more manufacturing jobs than service jobs.
- Provide higher wages, require new equipment, result in larger tax base.
- Also brings in outside money rather than just recycling existing money.

Money/Finances

Relatively small scale of economy and projects means we can't leverage enough money and resources to compete with other states.

Biggest Local Assets

Quality of workers is high here.
- Montanans in general have great work ethic and high productivity (employers get eight hours of work for eight hours of pay).

Wage scale lower in Montana.
- Businesses can pay good wages for Montana that are much less than elsewhere.
  - Makes this area very competitive.

II. External Components

Biggest Impediments to Successful Business Operation:

Infrastructure

Limited land available for businesses to build in this area.

Transportation

Air transportation is limited and costly.
- Transportation in general in more expensive within state than going out of state.
- Big obstacle for trying to attract businesses to this area.
- State should look at subsidizing airlines to get more traffic here.

Freight costs need to small percentage in order to stay competitive.
- Need to find ways to get and keep low cost freight transportation.

Marketing/Sales

Businesses in Montana need to expand their markets.
- Need to think bigger.

Better packaging of events in conjunction with tourism.
- Make Helena a destination rather than stop over.
- Could be coordinated through Travel Montana.

Telecommunications

Deregulation will downgrade service in Montana and raise costs.
- We're on a level playing field now, will be greatly hurt by FCC ruling.

Montana cannot afford to fall behind in this area.
- Subsidize if necessary to maintain current service levels.

Telecommunications crucial to covering Montana's distances.
- Limits time spent away from business.
- Can use for cheaper training and increased efficiency.
- Money spent now on expanding access to these systems will be well spent.

III. Government Policy Components

Education System

Schools and businesses need to work together more/better to train employees for needs specific to the area.
- No significant way to guarantee money for this training.
- Need to get businesses more involved in training local people rather than trying to attract outside help (Ford ASSET program).

High school level general education not enough in today's market.
- Need more diversity in basic training.
  - Experiment with year-round schooling if necessary.

Regulations

Need to define "environmentally acceptable" in hypothesis better.
- State has "no growth" mentality because of environmental standards.
- Need the safeguards, but need balance between safety and growth.

Job distribution around state in hypothesis maybe not good focus.
- Limited resources should be devoted to areas best suited for development.

Employment by small businesses is too difficult and expensive.
- Regulations make it a disincentive to create jobs in Montana.
  - Federal government easier to deal with than the state is.
- Mistakes are punished too harshly.
  - People don't understand system - need to help rather than punishment.

Need one-stop-shop for businesses to deal with.
- Agencies need to streamline efforts and cooperate better.
- Lower frustration level of consumers by acting more like business.
- Use "benchmark" guidelines rather than sticking to steadfast rules.

State needs to be consistent with regulations so businesses can better plan.
- Need to be able to predict state's answers and not have delays.

Need to review the licensing procedures for electricians and plumbers in state.
- Currently testing for book knowledge rather than work knowledge.
- Harder to get license in Montana than in surrounding states.
  - Apprenticeships take longer to complete in Montana because jobs limited.

Incentives

Need economic development center like other communities have.
- Inventory Montana assets so can match business needs to existing resources.

Economic development is a local issue.
- Each area needs to set its own limits and goals.

Taxes

Worker's Compensation rates too high.

Tax reform would be a big incentive for business in the state.
- Need to find a better, more sustainable way of funding education.

Should provide tax incentives for developing value added products.
- Good way to expand existing business rather than trying to attract new business.

Need to reduce the business equipment property tax.

Attitude

State needs to take a more caring approach to business.
- Current attitude leads to anti-government feelings.
- State government should be "enabler" rather than regulator.
  - Find balance between safety/health issues and reasonable regulations.

Don't need more regulations, just give straight answers.
- Feeling that agencies make regulations to justify their existence.

Helena Focus Group - Evening Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Money/Finance

CDBG funds hard to get for small projects.
- Feeling that money is being held for bigger projects.
- Can't find out why money was refused (no feedback).

Government loan programs need to look at factors other than repayment.
- Should do more where regular financing won't work (take risks).
- Board of Investors needs stronger leadership.
  - Not qualified to make informed decisions - turning down bankable deals.
  - Putting money in out of state ventures that give no benefit to Montana's economy (not thinking long-term).
    - Money should be used for capital investment in Montana.

Few banks to deal with on larger projects (limits economic development).

Montana has limited financial resources and venture capital in general.

Marketing/Sales

State needs to work more with businesses on tourism.
- Not providing information/services needed to target tourists better.

Montana in general too far from most markets (no reputation).

Some local businesses not interested in helping local people who can get supplies cheaper elsewhere.
- Too complacent - don't want to deal with additional business.

Need to develop value added agricultural products.
- Will help to stabilize and diversify Montana's economy.

Businesses need to network more/better to get over obstacles.
- Develop co-ops with similar businesses to help each other.

Skills

Can't find qualified help in this area with basic skills.

Work ethic good in more educated people, poor in less educated.

Big gap in skills between high school level and college graduate level.
- High school graduate not skilled enough and college graduate too expensive.

Better wages would allow businesses to attract and keep better employees.
- Small businesses can't provide benefits that bigger businesses can.
- Government could assist small businesses to provide affordable health insurance.

Biggest Local Assets

Quality of Life
- Lots of open space, good infrastructure in place, low crime, etc.

Strong local economy will attract business.

II. External Components

Biggest Impediments to Successful Business Operation:

Infrastructure

Quality space hard to find in this area.

Need to start spending money on maintenance and expansion.
- Money spent now will help with future growth (better planning).

Transportation

Businesses need timely and cost-effective delivery - can't get in Montana.
- Very relaxed attitude in Montana about shipping (bad customer service).

Limited shipping options in Montana.
- Leads to using out-of-state businesses.
- Need to look at how Canada operates.

Need to create backhauls for trucking businesses so will come to state.

Intrastate transportation more costly than interstate transportation.

Telecommunications

Resources spent where population is first (Montana always last).
- FCC deregulation will really hurt Montana.
  - Rise in communication rates will make Montana uncompetitive.

Montana is attracting business to the state because of our telecommunications infrastructure.

III. Government Policy Components

Attitude

State government needs to act more like a business.
- Show more respect to its customers (customer service oriented).
- Be more helpful - not "take it or leave it" attitude.

Need to remember that we get what we pay for.
- Understaffed and under budgeted offices can't work at peak performance.
- Cutbacks hurt economic development.

Voice mail at state needs to be answered timely.

Education System

Need to spend more money on science and technical programs.

Need to develop our people better, not just business.

State and federal funds should be available to train employees.
- Money available to retrain when business closes, but nothing up front.

More emphasis needs to be put on technical degrees than professional degrees.

Education in general needs to be a higher priority in Montana.
- Money spent now will pay dividends in future.

Need to match education better to business needs.
- Get out and ask businesses what they need.
- Technology schools in particular need to work more closely with businesses.
- Job Service should be used more.

Need to create opportunities here so we can keep our kids here.

Taxes

Business equipment property tax and Worker's Compensation rates too high.
- Running businesses out of the state.

Overall tax structure in Montana is not business friendly.

Regulations

Zoning regulations need to be consistent.
- Need better cooperation and long-term planning

Need more/better statewide coordination and long-term planning.
- Regional areas can't keep doing their own thing (look at bigger picture).
- Need to pool resources and efforts.

Political administrations make planning short-term.
- Need to get good long-term plan in place that won't change every four years.

Incentives

Business people need to help educate the general population on the importance of economic issues.

Need good infrastructure and better business climate to come full circle.
- Don't need to provide specific incentives to attract businesses here, just remove the disincentives to make us competitive with other states.

Great Falls Focus Group - Afternoon Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Money/Finance

Montana exports raw materials (need to develop value added products).
Businesses need to become better educated about public money available.
- Attitude of not wanting public funds needs to be overcome.
  - Especially in smaller communities.
- Access to and ease of use for public money very good - need to educate people about what's out there for them.

Timeliness of getting public money is a big problem.
- Have to want public money pretty bad to jump through all the hoops.

Lending limits in public programs either too low or too high.
Banks need to be more involved in small business loans.
- Too many little pockets - money should be in one place.

Need to make it harder for public money borrowers to declare bankruptcy.
Existing resources are very thin - can't be everything to everyone.
- Goes for both government agencies and private businesses.

Marketing/Sales

Montana cannot be sole support for existing businesses - must expand markets.
- Too expensive for most businesses to do properly (freight, advertising, etc.).
- Current value added products go out wholesale (no one knows from Montana) .
  - Need to get Montana products on national scale so people can see what we can do here.
  - Most current value added products are food products - need to diversify.

Montana businesses need to network and cooperate more/better to grow efficiently.
- Would increase purchasing power, lower combined expenses in marketing and production, etc.
- The state could help to develop these partnerships.

Employee/Management

Businesses need to work more/better with comparable businesses (S.C.O.R.E.).
- Someone to bounce idea off of, compare notes with, etc.
- Business owners reluctant to share information and numbers with competitors.

Small business owners are scared of or have no experience with managing employees.
- State could provide training on the basics of employee management.
  - Filing paperwork, hiring and firing policies, etc. (through Job Service).

Need to stay positive as communities.
- Need to understand that businesses do fail and find ways to go on.

Skills

Hard to find qualified workers (especially in smaller communities).
- Can't keep them if you find them (use job as stepping stone).
- Good pool to choose from if willing to train, though.
- Need to stress quality of life here as attraction.

II. External Components

Biggest Impediments to Successful Business Operation:

Transportation

Transportation in general good but very expensive with limited options.
- Freight costs very high if have to ship materials in and finished product out.
- Limited options = no competition = no leverage to force adaptations to smaller markets.
  - Montana population is too small so it is a low priority area.

Air transportation is limited and costly.
- Hard to get in and out of state in general.
- End up going to customers rather than trying to get them in to see you.
  - Costs very high in money and travel time away from work.

Need to develop partnerships with Canadian transportation to increase service in and out on Montana.
- Could go through Calgary rather than being routed through Salt Lake City.

Market Location

Large distances and related costs too great to remain competitive.

Mobile Society

Lots of retail leakage (especially from small communities close to larger ones).
- Need to face this fact of a modern economy and find ways around.
  - Find niche, diversify, tourism, etc.

Infrastructure

Availability and quality of water are big problems here.
Need more money for maintenance and expansion of basic infrastructure needs.
- Must convince people that this is money well spent (long-term planning).
- Use CDBG funds if create jobs in process.

Telecommunications

Location not so important with telecommunications.
- Video conferencing is great way to cut travel time and costs.
- FCC subsidy loss would be devastating to Montana's competitiveness.

Too many small, unconnected companies not cooperating hurts Montana.
- Whole system is as weak as the weakest link (big problem in keeping up).
- State could assist in making service more universal.

Small communities not up with the technology (need fiber optics).

III. Government Policy Components

Regulations

Need a one-stop-shop rather than sending people to different agencies.
- Government agencies should refer people to the local economic development office at the start so questions can be handled at the local rather than the state level.
  - At least they will know where to go and who to talk to.
  - Especially important in smaller communities.
- Would foster better cooperation between government and private agencies and help economic development in general.

Need to review way success is measured in programs.
- Shouldn't be based just on money.

Plumber and electrician internship programs running contracts out of state
- Policies should be changed to examine hands-on experience more.

Too many building regulations with no way to enforce them.
- Resources and inspectors spread too thin.

Businesses have to spend too much time and money documenting for legal issues.
Regulations forcing businesses to push independent contractor status to the limit.
Government agencies need to pool their efforts and resources to provide more/better training.
State should provide more/better information on the Internet for people to download locally.
People tired of voice mail at state government.
- Want to talk to a person or at least get a quick response from someone.
- Quick, easy way for state to improve its customer service image.

Economic Development

Need to advertise success stories to get things rolling (public forums, etc.).
- The more you do the more accepting communities will be.
- Lots of help already out there - just need to get people to come.

Need state funding for economic development programs already existing.
- Private money not enough to sustain efforts and smaller communities need more money and resources than bigger communities.

Need accountability at local level for getting job done.
- Can't just keep throwing money at these programs and not get results.
- Many of the communities can't raise the necessary matching funds anyway.
- Need to get local governments interested to get the ball rolling.

Perception

Montana needs to market itself as more than tourist destination.
- Perceived as great place to visit but too much trouble to do business in.
  - Especially on environmental issues.

Education System

Need to change attitude about technical skills and jobs.
- Employees need more than high school training, but not necessarily a four-year degree.
- Can make good living working with your hands.

Employers need to let schools know what they need out of graduates.
- Need better basic skills at lower levels to keep pace with world.

Taxes

Businesses look at how Montana will compete compared to other states.
- Equipment and property taxes are too high for most who look.

Sales tax is needed to level playing field.

Incentives

State offers no incentives to attract businesses it doesn't offer to existing businesses.
- Local communities can offer incentives at their level if they want to.

Great Falls Focus Group - Evening Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Skills

Huge gap in skills between high school and college graduates.
- Lack of young, skilled laborers (think labor jobs won't pay well).
- High school education not enough and college graduates too expensive (overqualified).

Work ethic in Montana good but not what it used to be like.

Money/Finance

Local banks too conservative in lending for projects they don't understand.
- Won't touch value added, alternative crops, export, or entrepreneurial projects.
- Even with signed contracts banks won't loan capital to purchase raw materials.

Government takes too long to pay contractors it hires.

MBDC program should not be used if there is no owner equity in the deal.
- Banks should be involved in every deal (and will help if there is equity).
- Government programs have no business being sole financiers (taxpayers end up footing the bill).
- Interest rate too high (disincentive to use program).

Marketing/Sales

State more proactive in recent years in promoting Montana products.
- Especially in letting alternative products into existing programs.
- Helps market agricultural products overseas.

Have to develop more value added products (agriculture only main industry left).
- Especially for export both nationally and internationally (need outside money coming into state economy).
- State should be much more proactive in this area.

Need to develop bigger/more markets for current products.

Need to do more product research and development.
- Too costly for most small businesses.
- State could sponsor facilities that businesses could use for R&D for fee.
  - Would be very expensive and probably not self-supporting.
  - Establishing co-ops within industries might help with costs.

Need to develop a directory of specific capabilities available in Montana for matching to needs in and out of state.
- Should be on-line for easy access.

Need to attract more manufacturing jobs into the state.
- Good jobs that use local people.
- Stress quality of life issues in Montana.

II. External Components

Biggest Impediments to Successful Business Operation:

Transportation

Limited options for freight transportation (captive shippers).
- Can't get railway to drop containers in area (won't drop small numbers).
- BNSF not cooperative because there is no competition to force them.
  - State could help to pressure BNSF into better cooperation.

Can get cheaper rates if go through Canada.
- Run into cultural problems (U.S. vs. metric).
- Would require forming co-ops (fear of working with competitors).

Need to help trucking industry develop backhauls to get rates down.
- Trans-loading facilities would also help.

Need to get uniformity in shipping regulations throughout U.S. and then North America.
- Size, weights, number of trailers, etc. different all over U.S. now.

III. Government Policy Components

Education System

Society in general and Montana in specific places too much emphasis on college education.
- Not everyone needs a four-year degree.

- Misconception that skilled labor pays poorly.
- High school counselors think college should be mandatory.

High schools need to graduate students with better basic skills.

Voice Mail

People don't like to talk to machines at the state.

- Either answer phones or make sure messages returned promptly.

Taxes

People cannot build up any equity because of high taxes.

High tax rates are the price of Montana's low population, but:

- Property taxes way too high.
- The little taxes and fees add up to big money at end of year.

Contractor's tax and application not even looked at when sent in.

- Give something in return for these taxes besides added bureaucracy.

Regulations

Time and money spent in avoiding lawsuits getting to be way too much.

- Employers have no rights or recourse left.

Too many building inspectors on government projects and are not qualified for what they are inspecting.

- Civil engineers inspect for state projects every day versus architectural engineers inspecting private projects once a week (costs too much money).

Overregulation ends up costing everyone more money.

- Time it takes to get things done is way too long (need accountability).
- Regulations are good, but overkill is a disincentive (use common sense).
- Don't have regulations that cannot be followed up on with limited resources.

Regulations don't change even when try to fix process.

There needs to be accountability for mistakes by government employees.

- Employees need to be capable and accountable for job.
- Government should privatize efforts where it can.

Apprentice program need to be reviewed.

- Wages not up to scale and program too cumbersome and time consuming.

State and federal laws sometimes conflict at the expense of businesses.

- State mandates garnishing wages for child support payments but federal regulations prohibit garnishing on certified payrolls.

Butte Focus Group - Combined Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Skills

Hard to find skilled employees in this area (even just basic skills).
- Could and would train if had basic skills, but can't find.

No government money available to assist with job training.
- Rural areas away from colleges and technology schools worst off.

Money/Finance

People in this area too risk adverse (direct result of economy).

State loan guarantee programs great because they lower risks to banks.
- Especially by taking second position on loan packages.

Local banks don't understand projects that are out of their normal operations.
- Need to somehow better inform banks on how to use existing programs.
  - Will lessen territorialism and embarrassment of having to admit they don't understand these programs.
- Need more loan partnering to help lower risks.
  - Will require more money and cooperation between all the loan programs.

MBDC program needs to update and streamline their reporting policies.
- Also need to lower their interest rates since not competing with banks anymore.
- Need more money to be made available for administration of these loans.

People don't know what to do in order to get a loan for their idea.
- Need more hand-holding through entire process.

Marketing/Sales

There are lots of good products that people have no idea what to do next.
- Don't know how to get into or broaden their markets (can't produce cash flow).
  - State help develop distribution channels to broaden Montana markets.
- People can advertise but still have no idea what their market is.
- Need to think bigger.
  - Not all businesses need or want to grow, but those that do need help.
- Develop business plan and marketing assistance computer programs through the university system.
  - Would give step-by-step instructions on how to start business.
  - Could be provided on computer disk (would be inexpensive).

Need to develop more value added products instead of shipping raw materials out.
- Raw materials and jobs going somewhere - may as well be here in Montana.
- Would help to stabilize economy through diversity.
- Cost of developing just too much for most small businesses.
  - Need to advertise success stories to get people interested.

Need to develop a "critical mass" through networking, co-ops, etc.
- Businesses need to get over fear of working with the competition.
- State could assist matching capabilities with needs.
  - At least compile and provide basic information at central location.

Need to use the Montana image more as sales tool abroad.

Employee/Management

Employers can't/won't to take time away from work to research expansion opportunities.
- Reluctant to go out and get the expertise they need (too costly).
- State could develop "how-to" packets on where to find specific assistance.
  - Would help state as well to know where to refer people to.
  - No money currently available for this marketing assistance.
  - Could tie in with university system.

II. External Components

Biggest Impediments to Successful Business Operation:

Market Location

Misperception that Montana too far from markets.

Need to develop distance-irrelevant businesses (high tech, call centers, etc.).

Will always cost more to do business in Montana because of rural settings.
- Offset by strengths like quality of life.

Telecommunications

Makes distances and location less important.

FCC ruling ending rural subsidies will really hurt Montana.

Have to keep up with this technology.

- Subsidize telecommunications infrastructure if necessary.

Have good telecommunications capabilities now need to utilize this strength.
- Great tool for education (especially in rural communities).
- Need to overcome misperception that video conferencing is too expensive.

Infrastructure

People reluctant to spend the money on infrastructure at local level.
- Both taxpayers and politicians alike.
- Can't afford to fall behind in technology or won't be able to play in global economy.
- Basic infrastructure has to be in place to attract or expand business in Montana.
  - Also need quick response to land potential opportunities.
- Need to unstack mandates.
  - Don't lower standards but stretch timelines (prioritize).

Small communities need to come together to lower their investment in projects.
- Better cooperation and planning only way rural areas will get things done.

Need to rethink the way we approach needs or we will never get needs filled.
- Need to find new ways to fund projects and have power to use them.
  - Streamline efforts, use new technology, public/private partnerships, etc.

Should make Coal Tax fund available to finance infrastructure needs.
- Basic infrastructure will benefit future generations greatly.
  - Will create jobs and keep money in Montana.
- Need to develop stronger backing to get necessary 3/4 vote.
  - Use legislative tours to educate legislature on need (like Idaho does).

III. Government Policy Components

Education System

Shipping our best and brightest kids out of state because there are no jobs here.

Too much emphasis is put on four-year degrees.
- High schools and parents pushing kids towards college.
  - Misperception that technical degrees are second class and jobs will pay less.
  - Emphasis should be on ensuring basic skills rather than preparing for college.
- Vocational classes are first things cut out of strapped school budgets.

Complete overhaul of K-12 system needed and strategic plan implemented.

Need to train people for the needs of the local community.
- Local colleges doing well at this but lower levels are not.

Somehow need to foster the entrepreneurial spirit in the public school system.
- Students don't have understanding of basic entrepreneurial skills.
- Need to get Next Level-type classes into high school level.

University system should be used more for market research and R&D.
- Make information available to general public.
- Would help businesses and develop entrepreneurialism in students.

Regulations

Need to change TSEP funding from two-year to annual cycle.

Need funding for certified community programs.

Regulations don't allow for alternative methods to be used (no flexibility).
- Should give incentives for using innovative methods.

Government agencies need to become more user and business friendly (attitude).
- DOC doing good job, but not true for most other agencies.
  - RDO's great success because they have the authority to make decisions.
  - More field people need to have that kind of authority to do their jobs.
- Need more flexibility - has to start at top levels and trickle down.
- Take a look at how other states do it (don't try to reinvent the wheel).

Taxes

Current tax structure not good for attracting or sustaining business.

Property and business equipment taxes are too high.

State government needs to replace their own revenue after cuts rather than passing burden down to local governments.

State needs to identify businesses that the current tax structure would benefit and work to develop them.
- Start small and build up strengths.

Bozeman Focus Group - Afternoon Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Skills

Can't find qualified employees (nationwide problem).
- Especially in technical fields (machinists, computer programmers, etc.).
  - More demand than supply in these fields.
- Don't always have the skills employers need (have to retrain).
- Montana's small population is big reason for employee shortage.
  - Labor pool can't support all business needs.

Job applicants either underqualified or overqualified.
- Big gap between high school and college graduate training level.
- Can't find employees with two-year technological training.
- Technology changing fast and laborers more highly skilled today.

Average pay in Montana too low to keep qualified employees.

Also hard to keep good employees once you find them (always recruiting).
- Providing benefits costly in time and money for small businesses.

Money/Finance

Local bankers have narrow scope of business knowledge.
- Can't or won't make loans because they don't understand business venture.
- Bankers tough to train because reluctant to admit they don't understand.
- Small banks can't always help because of low lending limits.
- Need to develop directory of Montana banks that actively help businesses and what areas of business they feel comfortable working with.

Need to advertise success stories to educate people on options available.
- Need to educate bankers more/better on how loan programs and packaging can help all parties involved.

Need more help with high risk start-up businesses.
- Rather than giving up ownership to get investment capital.

Private venture capital very limited in Montana.
- The few venture capital companies in the state are too new to have much money or connections to be very helpful at this point.

Marketing/Sales

Lots of good people with good ideas that do not know what to do next.
- Reluctance to give up any control to get assistance.
- Many people don't even know they need assistance until it is too late.

Not very many resources available for assistance in the area of marketing.
- There is a large gap between basic information available and specific information (too generic).

Have to have connections to market properly.
- Need someone who knows and understands the market very well.
  - Most people don't know their market (think product will sell itself).

State could help match Montana assets with potential markets (market studies).
- Has to be initiated by businesses - state can't force marketing on anyone.
- The university system could provide the resources for this.

Employee/Management

People need to better educate themselves about going into business.
- There are lots of classes and seminars available.
- Also need to understand what they can do and when they need help.
  - Ex: Can't retrain a scientist to be a manager.

Have to have well thought out idea first.

Have to have the financial expertise to put good loan package together.

Businesses should tap into local resources to get good board of directors.

There is a real lack of quality upper level management in Montana.
- This cannot be taught - has to be learned on the job.

Businesses need to network more/better.
- Helps to find out where to go and who to talk to for specific needs.
- Advertising success stories will help in this area.

Businesses don't understand training costs.
- Higher wages will keep turnover lower.

II. External Components

Biggest Impediments to Successful Business Operation:

Cost of Living

Too expensive for people to live in this area (especially for entry level workers).

Telecommunications

Critical in keeping Montana a viable option for businesses.
- Shrinks distances so location of business not so big of a factor.
- The rest of the U.S. and the world is already used to a certain level of technology.
  - Montana cannot fall any further behind or we will not be competitive.

Good telecommunications infrastructure has to be in place to get or keep businesses.
- Must be affordable for businesses to use.
  - FCC subsidy loss will greatly hurt Montana businesses.
- Public and private entities need to cooperate to get compatible infrastructure in place.
  - Would be more affordable if resources and efforts were pooled.
- Satellite technology may be replacing fiber optics.
  - May need to think ahead rather than just trying to catch up.

Infrastructure

Regions need to cooperate to get basic infrastructure needs met.
- Has been done before so it is possible to do.
- Can pool resources to save time and money, better long-term planning, etc.

Money has to be spent on these projects in order for Montana to move forward.
- On both maintenance and development.
- Question is how to finance all this on state and local levels.
  - There has to be more sources of income for these projects.
  - Have to communicate benefits of this development to the public.
- State should support more private investment in public infrastructure.
  - Provide incentives to private businesses to make the investment.
  - Would relieve taxpayer burden.
  - Would help with attitude that taxpayers pay so businesses can reap rewards.

Economic Development

Tourism is very big in Montana and cannot be ignored by economic developers.

State should focus efforts on developing small to medium sized businesses.
- Lots of different businesses for diversity and stability.

This area has tried to attract high tech jobs because of MSU resource.
- Will provide quality jobs for the future and create more spin-off jobs.
- MSU has focused on high tech training in its curriculum.

Market Location

Montana's distance from major markets will always be a problem in marketing outside the state.

Transportation

Transportation in general is limited and costly in this area.

Air transportation is readily available but the cost is prohibitive.

Businesses that have to ship freight in and/or out are hindered competitively by high shipping costs.

Trucks have no backhauls to Montana so trucking freight very expensive.

Product

Need more/better research and development.
- Need central location for equipment and testing that small businesses would have access to.
- University system already does some this but needs more funding and advertising of these services.
  - Could also do market research for businesses.

State could help to match existing capabilities in Montana to businesses' needs.

III. Government Policy Components

Education System

Too much emphasis being put on four-year degrees versus two-year programs.
- Attitude that two-year schools are somehow lower than four-year schools.
- Pushing students into colleges that drop out is a waste of resources.

Need to provide condensed night courses on upper level management.
- Would help businesses develop management in-house or in-state.

State goal should be to better train and educate state employees so they can better serve their customers.

Taxes

Bed tax has been very successful and helpful in this area.

Need a real estate transfer tax of 0.5% of the sale price.
- Proceeds would be earmarked for infrastructure projects.

- Must be statewide tax and must go into area tax was collected.

Property and business equipment taxes too high (especially for transportation businesses).

Current overall tax structure doesn't work.

- Putting the burden on property and income taxes is a disincentive to businesses and doesn't allow people to amass any wealth.
- Need a general state sales tax in conjunction with tax reform.
  - Public resistance to more taxes.
  - Politicians won't support because they want to be reelected.
  - Need to stress long-term benefits and cannot put to public vote again.

Regulations

Not enough flexibility in state laws to allow local communities to try alternatives.

- Both business and government need to look at big picture from start.

State needs to do more cost/benefit analysis on projects.

- Stop spending when benefit is outweighed by the costs.

State needs to adopt the one-stop-shop mentality of smaller communities.

- Develop one place where people can go and get all their questions answered.
- Will lead to better coordination and cooperation between agencies.
- Need to give decision making authority to people handling the problems.
  - Don't tell people no just to be on the safe side.
- Will also help to provide consistent assistance.

All the fees and bureaucracy lead to an anti-business environment in the state.

- State should take the approach of helping businesses rather than hindering them.
  - Act more like a business with an emphasis on customer service.

The state needs to develop and encourage more partnerships between public and private enterprises to get projects done at a lower cost.

Bozeman Focus Group - Evening Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Money/Finance

Not all jobs can or should be high-paying (need balance).

- If businesses pay better wages there has to be a trade off somewhere else.

State needs to attract higher paying industries to Montana rather than trying to raise wages of existing businesses.

Need to make for venture capital available for start-ups.

- Helps create opportunities for good ideas to produce good jobs.
- Venture capital also needs to made available for capital expansion.
  - Building bonds, low interest TIFID loans, etc.

Skills

Hard to find qualified applicants with right types of skills in this area.

- People do not have basic manufacturing skills.
- Can't keep entry level workers because of low pay (due to lack of skills).
- Shallow pool of "experts" here (computer services, lawyers, etc.).
  - Shortage of these people is a direct result of our small population.

High school level graduates need better basic skills (reading, problem solving, etc.).

- Businesses can and will train if applicants are basically competent.
- The better their basic skills are the less time and money it takes to train them.

Need a better mix of skilled and unskilled labor in Montana's labor pool.

Benchmarking against other similar businesses helps identify needs.

Employees/Management

Need more available training for management and supervisory positions.

- Businesses could custom tailor classes in conjunction with MSU.

Marketing/Sales

Hard to find good, dependable sales staff in this area.

- Have to hire out of state and rely on telecommunications.

Product

Need to pool efforts where we can to improve research and development.

- Sharing of equipment, people, and facilities (co-ops).
- Both the state and private industries need to put more money into R&D.
  - Investment in R&D will pay off in the long-term (need time).

- Will help to leverage existing businesses with more/better R&D.

II. External Components

Biggest Impediments to Successful Business Operation:

Transportation

Transportation in this area costly in both time and money.
Need access to lower cost air transportation to major cities out of state.
- Would make it easier and more cost effective to bring in consultants to help deal with the lack of skilled labor in the area.
- The state should provide incentives to airlines for providing more direct flights.

Freight transportation is expensive and hard to find both getting it in and sending it out.
- Options are very limited and often lower quality.

Telecommunications

High tech hookups (ISDM lines) are still way too expensive here ($200-$500/mo.).
- Have to have these lines for video- and teleconferencing without fiber optics.

Better availability to telecommunications would be helpful with training barriers.
- Would use the university video conferencing system if access to it was easier for businesses.

The better our communications abilities are the less important location will be.

Cost of Living

Living expenses in this area are very high, especially for entry level workers.
Quality of life is usually the offset to these higher costs.
- The state has to give businesses economic reasons to stay here (sustaining).
- Businesses will move elsewhere if state keeps penalizing them.

III. Government Policy Components

Regulations

Attitude of protecting the environment is carried too far in the state.
- These regulations are good in general but too overwhelming and time consuming.
- Too many different agencies are involved in this process.
  - Need better cooperation and coordination between agencies.
    - Need a "business advocate" to act as liaison between government and businesses.

Need a one-stop-shop where businesses can go to get whatever they need.
- Would make Montana much more business friendly.
- Would greatly improve customer service.

If areas within Montana do not want growth, they need to come out and say it.
- Don't just make regulations that stifle business instead.

Education System

Need more trade schools in the state.
- Develop technical programs in conjunction with existing industries.
- Provide more school-to-work programs to make this a viable option.

Businesses need to do more "head hunting" for employees through the schools.
- Should try to match their needs with local schools before going out of state.

The university system in Montana is producing quality graduates.
- Need to keep the funding up to maintain this level of quality.
  - Fewer schools with better funding may be an option to look into.

Need to develop better training programs through the university system.
The university system should be used by businesses to do collaborative R&D.
- Will help businesses to identify good, interested employees.
- Will help small businesses by making R&D more affordable to them.

Taxes

Income taxes on both business and individual is unfair.
Current taxes total more than other states.
- Would have more money to reinvest in business or to create more jobs if taxes were lower.
  - Businesses don't keep any equity because it will just be taxed.
  - State should provide growth or R&D credits to businesses who reinvest money into their operations.

Impact fees are too costly for most businesses.
- Infrastructure investments should be the responsibility of city or county anyway.
- The state should supplement funds here rather than penalize businesses.

Missoula Focus Group - Afternoon Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Money/Finance

People don't know where to get capital.
- Most people don't have the personal assets to get a bank to help them.
- Need more/bigger venture capital funds to be available.
  - The Board of Investments needs to be more involved in Montana projects (especially with venture capital).
    - Spend that money here rather than send it out of state.
- Need to develop a SBIC (one of only seven states without one).

Existing businesses have different needs than start-up businesses.

Need one statewide pool for MBDC funds rather than lots of small ones.

CDBG funds help with this lack of available equity.
- Money available is limited and too many channels to go through to get it.
- Local government needs to become more educated about CDBG funds.
  - Perceived as "high risk" because they simply don't understand the deals.
  - Process is too political (natural business shouldn't have politics).

Government program funds not getting to businesses (pipeline problem).
- Need intermediary (maybe banks) to coordinate and manage deals.
- More lenders means deals will be more complex but risks are shared.

The DOC should help local governments work together with local economic development organizations.
- Economic development is a local issue but still need state help.
- Many programs are in place but have no money to implement plans.

Skills

Hard to find qualified help in this area (not just a Montana problem).
- Shallow pool of applicants at entry level due to good economy.
- Mid-level skills much harder to find at any time.

Work ethic in Montana is very good generally.

Lower wages in Montana keeping qualified people from taking jobs (moving away).
- Result of both attitudes and real business issues.
- Changing slowly as the cost of living rises and fewer people moving into state.
- Needs to be more of an emphasis put on "livable wages."

Need to bring back more apprentice programs.
- Costs of doing this are high in time and money (cuts into profits).
- Most businesses can't afford this - they need to hire ready-to-work people.

Employee/Management

Business owners need to be better educated (financials, management, etc.).
- They need to delegate to middle management in areas they don't understand.

There is a lot of training available out there, but it is not getting to the target.
- People don't know where to go or even where to start.
- Need more local advertising of programs rather than statewide approach.
  - Need state money to accomplish this.
  - Could try getting grants, but they are time consuming and not consistent.
- Providing funding to some volunteer organizations might also help.

Marketing/Sales

Businesses need to pool their efforts to get their products to market (co-ops).

International trade becoming more important (need diversity).

Businesses need assistance with marketing plans.
- State could subsidize the private sector to do this in the form of training.
- The more specific the market the harder it is to accomplish.

Businesses need to form "clusters" with similar businesses .
- Can then find and go after more business by developing the infrastructure to support each other.

II. External Components

Biggest Impediments to Successful Business Operation:

Infrastructure

This area lacks the basic infrastructure for growth (central sewer, etc.).
- Community won't support these needs financially.
  - Priorities are in other areas (education).

Need assistance with more/better planning for future growth.
- Businesses can't do projections if they don't know how the city will grow.

- Need to get over fear of change and still maintain independence from state.

This area has power "blips" that are keeping high tech businesses out.

- There are no backups or three-phase is rural areas (not economically viable).

Transportation

Air travel is time consuming and expensive as well as difficult to book.

- Last minute travel is very difficult because of fewer flights.

Need a transportation hub in this area so that businesses can share in lower freight costs.

Cost of Living

Availability of affordable housing is an issue here.

Telecommunications

Telecommunications is the key to making Montana's remote location and big distances not so important to businesses.

- Can now attract software, telemarketing, finance, etc. jobs to the area.

The ability to telecommute will allow our quality of life to level playing field.

These types of infrastructure upgrades are taxed so many businesses cannot afford.

- Lower taxes would allow businesses to invest in infrastructure more.

Market Location

Being so far from the major markets makes doing business here tough.

- Businesses coming into state have people with ties here that want to come here.
- Need to stress the quality of life issues to attract businesses since we can't afford to actively do any business recruitment.

III. Government Policy Components

Education System

Attitude of looking down on technical schools needs to change.

- Need technical schools for training and to teach mid-level skills needed.

Cuts in agriculture programs will hurt future farmers in a global marketplace.

Vocational classes are first thing cut at the high school level.

- Need more funding here or will really hurt down the road.

Colleges and technology schools are not training for real world needs.

- Businesses end up going out of state for the employees they need.
  - Would rather have local specialized training available to them.
  - Businesses need to invest some of their own money to get this training.
  - Businesses must also commit to on the job training .

We are shipping our best students out of the state because there are no jobs for them.

Regulations

Need to have more consistency in the regulations to develop value added products.

- Need continued access to raw material before we can develop finished products.

Economic development doesn't work with free enterprise because businesses are not willing to pay.

- State and local government has to fill this role because of this reality.

Government needs to help businesses more and hinder them less.

- Government needs to change its basic attitude and become more business friendly.

There is great resistance to government control without knowing about business.

Need an annual cycle for infrastructure funding.

- At least allow certain projects without legislative approval.

Economic Development

The state's focus should be on helping existing businesses rather than trying to attract new businesses to the area.

- Business recruitment should be left to the local area (has to start there anyway).
  - Need state assistance and resources to accomplish this, though.

Economic development will effect welfare reform through job creation.

- The state invests enormous dollars in welfare and very little in economic development.

Current marketing of the state is more towards tourism than business attraction.

- The general attitude of government and citizens is adverse to growth.
- We can achieve a good balance if we work hard at it.

Montana needs to look at how other successful states handle economic development.

Taxes

Property and business equipment taxes are disincentives (double other states).

- Businesses cannot afford to expand because of tax rates.
  - Businesses then fall behind technologically and become uncompetitive.

We have to find ways to replace taxes before we start cutting them.

- Need a statewide general sales tax.
  - A portion of this sales tax should go towards economic development.
  - A rental car tax could also be used to support economic development.

- Resort taxes could be used to support local projects.

Incentives

Need to develop a capital investment program that lowers taxes for reinvestments.

- Businesses that reinvest equity can defer taxes until project is paid off.

Missoula Focus Group - Evening Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Money/Finance

Government funds are helpful and necessary for small businesses.

- The time it takes to get these funds is too lengthy, though.
- Bankers need to understand and utilize these government funds.
- Without these funds many businesses would end up moving out of the state.
  - Instead stay here and add good jobs to the community.

Employee owned are good because they give the employees a stake in the profits.

Marketing/Sales

Montana has a great mystique about it outside of the state.

- Needs to be emphasized more.
- The state needs to keep up its good work on marketing Montana.

Skills

Businesses like Montana because wages here are a good value.

- Cheap here compared to most other places.
- Montana workers can go up against anyone (great work ethic).

Hard to find qualified workers in this area.

- Have great work ethic and can be trained to do most jobs.
  - Training is very expensive, so need at least basic skills.
  - Businesses look for good attitude and train for specific skills.
- Specialized employees and managers are hard to find and difficult to get to move here.
  - Having the University of Montana here helps a great deal with the labor available labor pool.

Having federal and/or state funds available for job training would be very helpful (especially for start-ups).

II. External Components

Biggest Impediments to Successful Business Operation:

Market Location

Montana is far from most major markets but companies are here mostly by choice.

- Businesses that locate here have people with ties to the area.
  - Most probably would not locate here without those local ties.

Businesses can get higher quality, less expensive raw materials from overseas.

- Businesses need to form overseas partnerships to produce mid-level products.

Transportation

Freight costs are low as long as product is small and light (can use UPS and FedEx).

- Freight costs are higher if shipping in larger quantities (trucking, railways, etc.).
- Freight transportation in general is readily available but costs add up over time.

Air transportation is very limited and very expensive.

- Hard to get clients in to see owner or owner out to see clients.
- Can't get sales force in for training because of expense and time it takes.
- Last minute flights are almost impossible.

State should try to encourage competition to come in to alleviate these problems.

Centralized shipping centers save money in Europe, may work here.

Telecommunications

Businesses are forced to use telecommunications to stay competitive.

- Still need that face-to-face interaction to build business relationships, though (especially internationally).

Video conferencing will really shrink distances as soon as costs come down.

Education System

The University of Montana is very good to work with on a business level.

- Great help with R&D.

The education system is producing good graduates from kindergarten through college.

- Kids end up leaving because there are no jobs for them.

Cost of Living

The high cost of living here makes it tough to come and even harder to stay.
- Produces climate that entry level workers (kids) can't stay here.

III. Government Policy Components

Economic Development

Businesses have a fiduciary responsibility to their employees, Montana has the same responsibility to future generations.
The state needs to educate the masses on exactly what economic development means and how that will positively affect Montana as a whole.

Regulations

Have good access to government here that you don't find in other areas.
- Great selling point for businesses.
- Much less bureaucracy than other states as well.

The state is protective of some industries but not all (agriculture versus manufacturing).
- The state is closing the doors to outside businesses.
  - Manufacturers have choice of where to go - raw materials businesses don't.
- The state has to have manufacturing businesses to produce wealth in the state.
  - They bring in outside money.
  - Service industries cannot support economy (need balance).
  - The state needs to mobilize its efforts and lead the evolution of manufacturing interests.

The DOC is doing a very good job on being more business and customer friendly.
- They should be the model for other agencies to follow.
- The DOC may not be getting their business friendly image out as well as it could.
  - Probably due to a lack of resources.

The state needs to get its success stories out so people can see what can be done.

Taxes

This is the biggest area the state can assist businesses with.
Current tax structure is very punitive towards businesses.
- The state is losing lots of businesses because of this poor business climate.
  - Especially compared to neighboring states.
  - Many businesses end up basing or manufacturing out of state to avoid taxes.
- Getting better but too slowly.

Property and income taxes are too high as well as worker's compensation rates.
- Historically, a low tax rate equals high prosperity.

The legislature needs to think long-term on tax and economic development issues.

Kalispell Focus Group - Afternoon Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Employees/Management

Business owners need to establish business goals.
- Most think too small (just want to support family).
  - For many it is a lifestyle decision (quality of life versus money).
- Many are too risk adverse.
  - Don't want the hassle of growth (employees, paperwork, etc.).
  - Many just do not understand growth process (perception versus reality).
    - Training is available but people are not taking advantage of it.
- Many can't get to the next level because they won't delegate responsibility.
  - Don't understand something and won't let anyone help them.

Product

Need more R&D and feasibility studies to develop more value added products.
- No current way for state to assist small businesses in this area.

Skills

Businesses need to do more group training to save both time and money.
- There is lots of generic training available, but businesses need more specialized training for their industry.

Local agencies need to provide technical assistance to small businesses.
- But we have to know good technical assistance from bad technical assistance.
- Also have to find a balance between what we can provide versus how that money be better spent elsewhere.
  - Local agencies end up spending too much time finding funding for this technical assistance instead of providing the technical assistance.

Hard to find qualified help in this area.
- Most are highly educated but have no specific skills or outdated skills.
- High turnover in this area due to low wages.

Many businesses are using temp agencies to train prospective employees.
- They get on-the-job training for three months and can then apply for a job.

Few employment opportunities for spouses.
- Also have daycare issues for welfare recipients and college students.

Need to provide state funding for job training (big priority for businesses).

Money/Finance

Small businesses do not understand their own financials.
- They need help with accounting, pricing, cost analysis, etc.

Small businesses have to get more equity built up.

Need to relook at current programs to better match needs (out of date now).
- These programs need to provide more than just lending assistance.
  - But funding levels are based on lending levels (needs adjustment).
- MBDC program interest rate is too high and process is very labor intensive.
  - Program not competing with banks so interest rate should be lowered.
  - Most communities can't provide matching funds - why even have them?

Lack of capital investment money in this area keeps businesses out.

Government agencies need to provide assistance to businesses both pre- and post-loan (lack of follow through).
- Need more resources to accomplish this (stretched too thin).
- Most agencies are operating in volunteer mode now.
  - That's not enough to sustain quality assistance.

Marketing/Sales

Businesses need assistance with marketing plans so they will think bigger.

Businesses are playing on a national and global scale in today's economy.
- Businesses have to understand their markets better.

State should encourage businesses to go to trade shows with groups of businesses.
- Groups needs to be diverse (state could coordinate like agriculture does).
- Need to hire a marketing expert to go with them who understands their market.
- Businesses can market their products there and do some market research also.
- Businesses must be willing to conform to markets to make this work.
  - Have to be more customer oriented and need more quality control.
  - No sense in expanding market if can't fill the orders.

The DOC used to be more specialized in its approach to businesses.
- Should maybe try to get back to this effort.

The state could provide assistance in marketing efforts by matching specialists with individuals.
- Develop a database of worldwide contacts (whoever can best help).

II. External Components

Biggest Impediments to Successful Business Operation:

Market Location

Montana is a long way from most major markets.

Transportation

Need better cooperation with the transportation industries.
- Matching or brokering needs, developing backhauls, etc.
- Developing a transportation hub to share shipping space and warehousing.

Limited shipping options available in this area (captive shippers).
- Tough to get freight in and out.
- Intrastate shipping is harder than interstate shipping.

Air transportation is very limited and costly.
- Last minute travel is especially expensive.

There is no local railway access here.
- Can't even get them to stop here because there is no local ability to load and unload containers.
- State assistance with this problem would be very helpful.

Telecommunications

Telecommunications makes distances less of an issue.

Losing the rural subsidies through deregulation will really hurt Montana.
- Have a great communications base here now - will lose if FCC changes rules.

Infrastructure

Need a commitment to affordable long-term power.
- Selling Montana power abroad will raise rates here as well.

No buildings or land is currently available in this area at a reasonable cost with the appropriate infrastructure in place.

Public perception that using public money to provide infrastructure to businesses is "corporate welfare."

Small communities don't have the money for necessary infrastructure needs.

The general lack of planning in infrastructure is going to start affecting our quality of life.
- The state must start thinking more long-term

Cost of Living

Need to provide more affordable housing in this area.
- Entry level workers cannot survive in this area at current living levels.

III. Government Policy Components

Education System

Need more technical schools.
- Too much importance is placed on a four-year degrees.
- Employees need more than just high school training but not necessarily a four-year degree.

Trying to get Flathead Valley Community College to assist with specific training.
- This will at least help subsidize training (businesses can't handle whole load).
- Need better cooperation between businesses, schools, and economic developers to get this accomplished.
  - Need school-to-work programs and applied technology centers.
  - Also need more subsidies for training like Next Level programs.

Entrepreneurial skills need to be taught at the high school level.

Businesses need to develop better ties with the university system.
- Could combine their efforts in R&D and market research.
- Would make these services more affordable to businesses.

The university system needs to become more real world oriented in their training.
- They need to find out what the specific business needs are and train for them.

Regulations

The local business community wants to concentrate on growing existing businesses.
- They are tired of giving input with no results on this issue.

The Upper Columbia River Basin regulations causing problems.
- Will cause big problems with resources in future that will effect both business and recreation in this area.

The state has archaic laws that prohibit local governments from finding alternative ways to get projects done.
- There is too much control at the state level and too little at local level.

There needs to be better cooperation and coordination between state agencies.
- Need a one-stop-shop where you can go to get all questions answered.
- Agencies need to mesh rather than compete.
  - Local government is the loser in all this non-cooperation.

The DOC is not consistent in its delivery of services.
- When personnel changes you have to start all over.

The legislature needs to provide funding to certified communities for technical assistance.

Taxes

State taxes are too high (with inequities within this area as well).

- Some businesses are helped by the current tax structure, though.
  - The state should advise those businesses on the advantages in Montana.

Economic Development

Need to better educate the legislature on what economic development agencies do.

- Really stress the long-term benefits to them.
- Can accomplish this by getting success stories out to them.

The overall state economic plan cannot just focus on creating jobs.

Kalispell Focus Group - Evening Session

I. Internal Components

Biggest Impediments to Successful Business Operation:

Skills

Labor pool in this area doesn't have any specific skills.

- Generally have a great work ethic and general skills but no additional training.
- Have to recruit high level jobs and skilled labor out of state.
  - Very costly and time consuming.

Lots of the employment in this area is seasonal (more part-time than full-time).

- Means more seasonal laborers and retired people than normal in this area.

Easier access to Montana by Canadian businesses might broaden labor pool.

Money/Finance

Statewide shortage of venture capital.

Lots of financing available if deal is bankable.

- Need to better educate bankers about government loan programs.
  - Most don't understand them and/or are afraid of the red tape.
- Banks are scared of industries they don't understand.

There is a perception that the state is not really involved in economic development.

- Many people don't even know there are state loan programs available.

Marketing/Sales

We are dealing in a worldwide economy now and there is no turning back.

The quality of life and great Montana work ethic need to be advertised as big advantages.

The state needs to make money available to advertise Montana as a business location just like they advertise it as a tourist location.

II. External Components

Biggest Impediments to Successful Business Operation:

Cost of Living

The cost of living is very high in this area (hard for entry level workers).

Also made harder by difficulty in spouses finding suitable employment.

Transportation

Freight shipping costs very high in this area and limited options available.

- Cannot get rail cars or trucks to ship even if can afford (containers not available).
- Have to warehouse merchandise around the country to ensure timely delivery.
- Developing a transportation hub not cost effective in this area because of low volumes.

Air transportation is very limited, seasonal, and expensive.

- Getting people in and out of the area is very difficult (especially if last minute).

The state could take a more proactive approach to helping transportation problems.

- Either subsidize the industries or lean on them to be more helpful.

Highway 93 needs to be a four-lane road its entire length.

- Would ease north and south travel and be a big boon to the local economy.
- Being help up by tribal disputes.

III. Government Policy Components

Education System

We are exporting our best students out of state because there are no jobs here.

The university system is very good.

The state needs more technical schools versus four-year colleges.

- There is a big gap in the skill level between high school and college graduates.
- Technical skills are very important and will become more important with time.

Businesses need to work with colleges to develop training programs.

Economic Development

The state has to be diversified in the businesses it has (balance).

- Manufacturing jobs will provide more than service jobs to the economy.
- The state needs to concentrate on developing what we have through value added products rather than trying to attract new businesses to the state.

Need better cooperation between economic development companies.

- Turf wars are only hurting everyone involved.

Regulations

The Department of Fish, Wildlife and Parks has a huge impact on this area.

- They don't always understand their impact on businesses.
- Would rather have strong state regulations than deal with federal government, though.

If the state gets too tight on its regulations on raw materials it will have a huge impact on businesses in Montana.

- In employment loss and trickle down effects from those losses.

The state doesn't get much from all the federal land in Montana.

- Instead of taking Payment in Lieu of Taxes (PILT), the land could be put to better use by private industries.

Montana is a big natural resource state but the state not doing much to help these industries to grow or sustain.

- The state needs to find a good balance - can't just lock the state up.
- The state should take a pro-resource stance and fight the federal regulations.

The state needs a one-stop-shop for getting answers to all questions.

- Would make things easier and faster for customers.
- The state has a non-business friendly reputation.
  - Need to improve our general approach to businesses to attract them.
  - Other states are using our reputation against us.

Montana government is accessible and does have a face to put on it.

- Not bad by comparison but could still be streamlined.
- State government needs to be more flexible (customer oriented).

Also need a centralized inventory of industrial capabilities.

- Should be focus point for handling inquiries.
- Currently can't respond to inquiries because don't know what's here.

Fear of litigation costs big in time and money (creating paper trail and defending).

- No consequences for litigants if they lose.
- Result is economic blackmail (settling case costs less than defending).

Taxes

Rental car tax to fund local economic development should be looked at again.

Worker's compensation rates are getting better but are still too high.

The resort tax in Whitefish worked to a certain degree.

There is a big resistance to increased taxes in any form in this area.

- A general state sales tax might pass if it comes with tax reform.

The lowering of the business property tax helped businesses be competitive.

- Needs to go even lower.

Labor Representative Focus Group

I. Internal Components

Biggest Impediments to Successful Business Operation:

Employee/Management:

- Attitudes towards workers needs to be better.
- Attitudes toward labor unions needs to examined. Many communities are have negative attitudes toward unions.
- Image of positive labor relations.
- Many union jobs are assets to a community not a liability to a community.
- Businesses do not want to apprenticeship programs however they are having a difficult time finding skilled labor—we need more training programs. The School to Work program is an excellent possibility for helping with this issue.
- Some are not looking for skilled labor but cheap profits.
- We need public investment in apprenticeship programs and the high standards of skilled labor set by the joint labor industry. Legislators need to be educated regarding apprenticeship programs and specialized skills.
- Many businesses are turning to part-time workers with no benefits .
- 60% of the workers in Montana are working less than 29 hours a week.
- Its not jobs, its good jobs.
- Retail chains that don't provide benefits make it hard for others to compete. It costs the rest of us more money to support that business on a social level.
- We need to start valuing our laboring people just as we value our professional people.
- Wages have fallen way behind the level of productivity in this country. We still produce more for the value put into the workforce than any other country in the world.
- Montana has one of the most productive labor forces in the world. We need to remind our local business people of the same thing.
- Montana is 47th in the nation in per-capita income. We cannot attract labor from outside Montana because of the wages—we can't even keep the younger people in Montana for $20,000 because it is not a livable wage.
- Employers attitude is that they are not willing to invest in training. Employers do not have a right to whine about the quality of labor if they are not willing invest in training.

Money/Finance

- There are many pension trust funds that will invest in businesses at rates 1% less than banks. Pension dollars are invested all over the state. Each union has its own internal rules and regulations. Most of the time we are not approached by local developers but by out of state developers for pension funds. Approximately 30% of the invest ment capital in the United States is pension funds.
- Company layoffs raise the value of stock. Businesses have said the fewer employees you have on the payroll the more profitable you will be.
- Partnership building between all the players needs to be examined.
- We need to decide what kind of businesses Montana wants to be friendly with.
- The Board of Investments needs to invest in Montana instead of taking that money out of the state.

II. External Components

Biggest Impediments to Successful Business Operation:

Transportation

- We have to have something to take in or take out so that transportation companies will want to deadhead in Montana. Currently most of the trucks leaving are empty.

Infrastructure

- We need to be concerned what is going to happen when the utilities deregulate. What will it do to Montana consumers and the rates they will pay. Montana has enjoyed low utilities rates which has helped businesses, deregulation will put a halt to this. Every industrial type business that is not nationwide will suffer.
- Large facilities that come in have an immediate impact on the infrastructure.
- We need to examine long term infrastructure obligations.

Market Location

- How do you get your product to market when rates are so high. Rail rates to the west coast are higher than for Montana than Minnesota.

Telecommunications

- Deregulation of communications will have a large impact on rural communities in Montana. Telecommunications could be the answer for rural America's economic development.

Regional competition

- Montana has a difficult time competing on a regional basis for skilled labor.

Economic status of the potential consumers is a serious external factor.
Entrepreneurship seems to be down.
Many feel they have more job security when they work for a company as opposed to owning their own business.

III. Government Policy Components

- Changes in the world affects Montana's place in the economy. We are not competing with Denver or other cities we are competing with foreign countries.
- We have to get beyond the limited scope in which we define government and economic development policy.
- Government needs to outreach for labor involvement in policy discussion and meetings.

Taxes

- Taxes are not the leading issue that decide if a business will locate here.
- There is a need to help workers as well as business.
- Local government taxes and replacement issues.

Regulation

- Montana has a huge problem with NON-enforcement of current regulations. This should be government's job not the job of the worker to see who is cheating.
- Occupational licensing boards do not have enough investigators on staff to investigate complaints. It is an unrealistic expectation for one person to do the job. Staffing resource issue: POL, Wage and Hour.
- Stricter laws relative to violation of regulations.
- Currently there are Job Service classes on how to fire somebody and nothing which teaches employees about their rights.
- We need to apply strong standards on how businesses will treat employees who choose to organize. If we are going to give tax incentives to businesses they should have to sign neutrality agreement regarding their employees and union organization. They should all have call back provisions the business does not follow through regarding the promises made in order to get the incentives.
- Enforcement of workers compensation and an increase in benefits for workers compensation and unemployment insurance.
- Montana needs a livable wage with job quality and work conditions.
- Government has to stop privatization of public services as a policy. If you want to privatize, the employees should receive the same pay and benefits as they did in the public sector.

Education System

- We need to sit down and build the school-to-work program as part of our partnership.
- All the parties that need to be at the table need to be at the table—the key ingredient is the economic development people.
- Place the school to work under the Executive Branch or Higher Education and encourage cooperation.

Incentives

- Need to examine who is receives tax incentives and what the criteria is. We need to look at a plan for being more responsible for tracking recipients' progress.
- Government needs to take a role in identifying potential markets.
- Maybe the business community is ready to look at applying standards for government incentives or assistance.
- Incentives should be tied to full-time employment and should be for good employers with good jobs, not just for anyone who applies.
- Unless there is some commitment from the employer, incentives are a waste of money.
- Matching state dollars for worker training.

Montana Science & Technology Focus Group

I. Internal Components

Biggest Impediments to Successful Business Operation:

Money/Finance

Montana has large financing gaps in equity capital and debt financing that need to be met by the use of public programs that compliment and enhance private sector financing.

- Montana is 37th, tied for last, in availability of equity or venture capital.
- Montana is in the bottom half of all states in terms of bank lending to equity invested in banks.
- Reports from the Federal Reserve indicate that commercial lending by Montana banks vary from 3% to 64% of total loans.
- Other public programs, such as Rural Development Business and Industry guarantees regularly receive more demand for loans than available funds. For example Rural Development ran out of guarantee funds in about six months in 1997 indicating a large demand for bank loan guarantees and subordinate public lending.
- The Montana Board of Investments does not invest a significant portion of their portfolio in Montana and does not currently impact the demand for public lending in Montana because of the prudent lender principal. This is not a criticism because it is accepted that MBOI should follow the prudent lender principal. Another entity should use state funds to make equity capital and loan investments in Montana businesses, such as MBSTD but as a newly named entity with new direction.
- The Montana Board of Science and Technology should change its name and mission statement to reflect the intent to make equity capital investments that include high tech with high return and lower tech and lower returns, collateralized loans, and possibly a loan guarantee program. There should be a balanced portfolio that has a reasonable level of acceptable risk.
- MBSTD still has obligations to its existing portfolio that must be maintained.
- Any new entity, or MBSTD with a revised mission statement, should be directly tied to the Department of Commerce in order to maximize its efficiency with the Small Business Development Centers, Regional Development Officers, other finance programs, Trade Program, etc.
- The state should support financially entities like the Montana private capital network.
- State finance programs should maximize private sector hard cash match.

Product

Montana needs to invest in research and development at the Universities and also directly in private business. The MBSTD should be the coordinating and oversight entity for state investment in public and private research and development.

Montana should invest in and promote manufacturing and technology related businesses that create higher paying jobs and provide opportunities for resident college and technical school graduates. We need to avoid a "trinket economy."

Emplyee/Management

There is a need for some type of mentoring program that enables experienced and successful entrepreneurs to assist newer businesses and to attract new business through contacts to Montana.

II. External Components

No comments.

III. Government Policy Components

Business is not fun anymore due to liability issues, taxes, reporting and licensing requirements, insurance, employee rights being more important than business owner rights, union and right to work issues, etc.

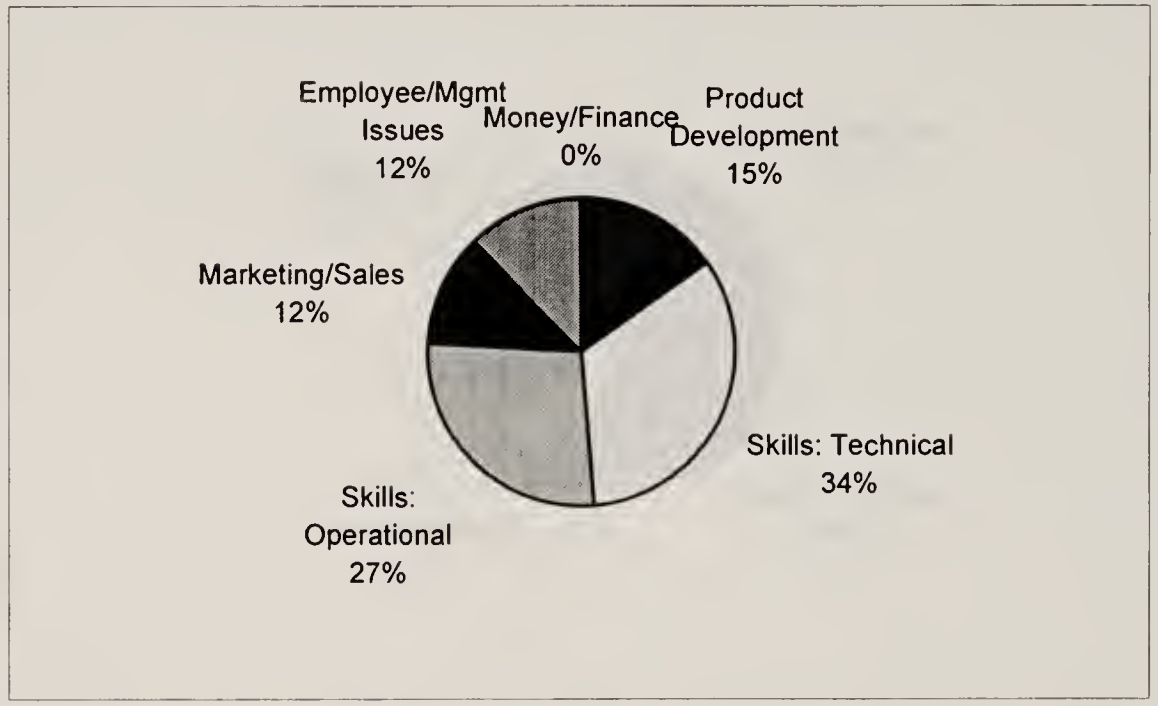
What Should Our Priorities Be? Name: **Labor Reps.**

INTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Money/Finance	1	2		
Product Development		2	1	
Skills: Operational	2	1		
Skills: Technical	2		1	
Marketing/Sales		1	1	
Employee Management		1	2	
Other				

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

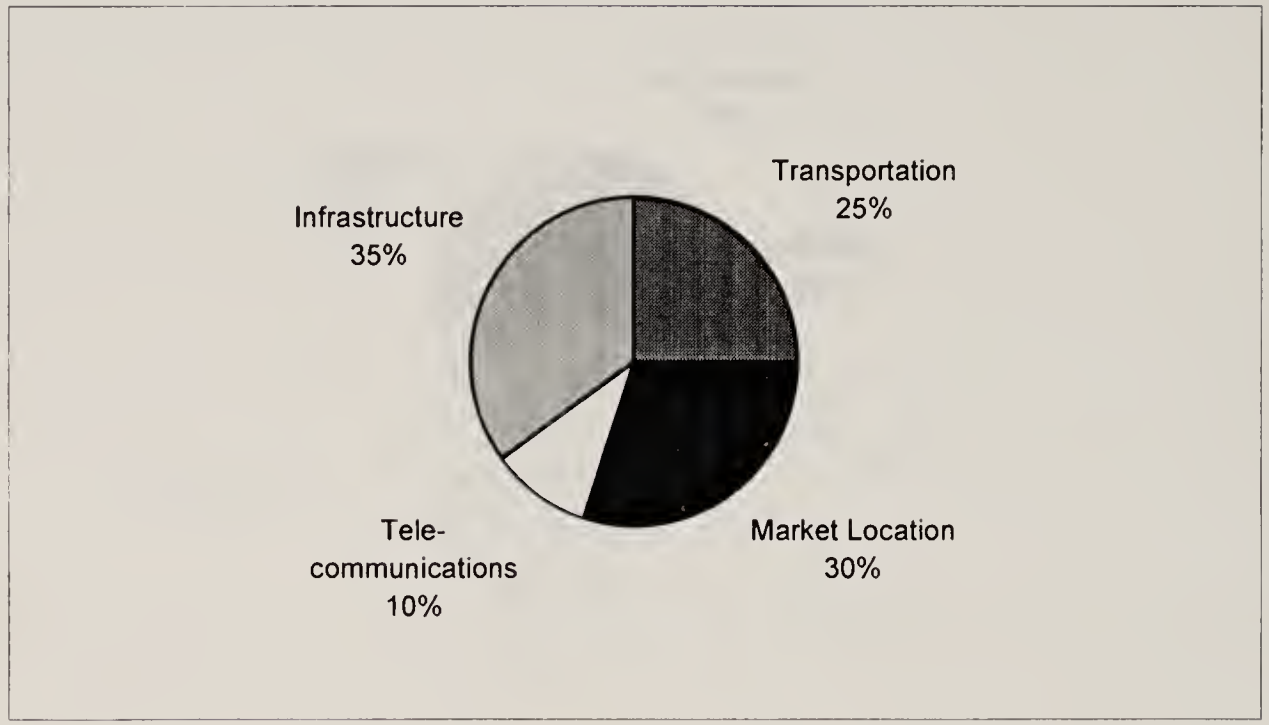
Money/Finance	
Product Development	5
Skills: Technical	11
Skills: Operational	9
Marketing/Sales	4
Employee/Mgmt Issues	4
Other	
Total	33



EXTERNAL FACTORS	Number of Responses for Each Category			
How significant is an obstacle?	Very	Somewhat	Not Significant	Don't Know
Transportation	1	2		
Market Location	2	1		
Telecommunications		3		
Infrastructure	1	1		
Other:				
Housing				
Services				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	5
Market Location	6
Telecommunications	2
Infrastructure	7
Other	
Total	20

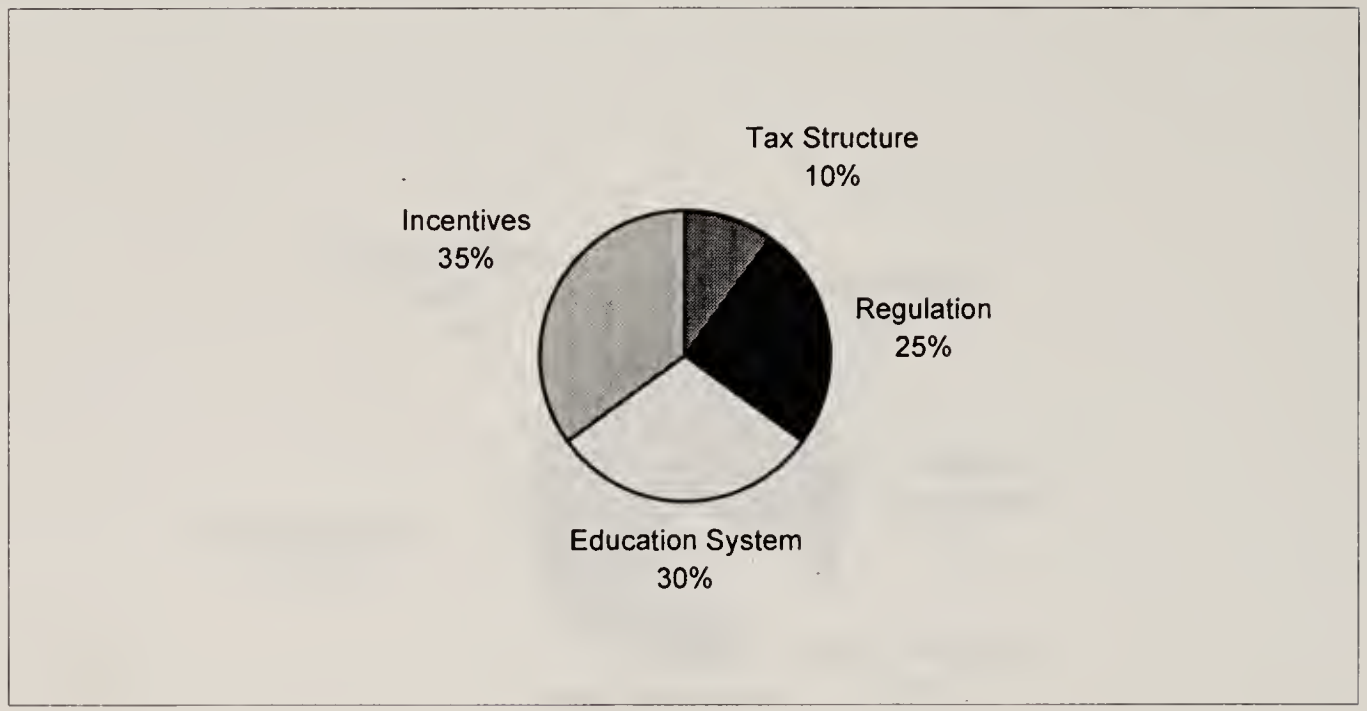


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure		2	1	
Regulation	1	1	1	
Education System		3		
Incentives	2	1		
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	2
Regulation	5
Education System	6
Incentives	7
Other	
Total	20



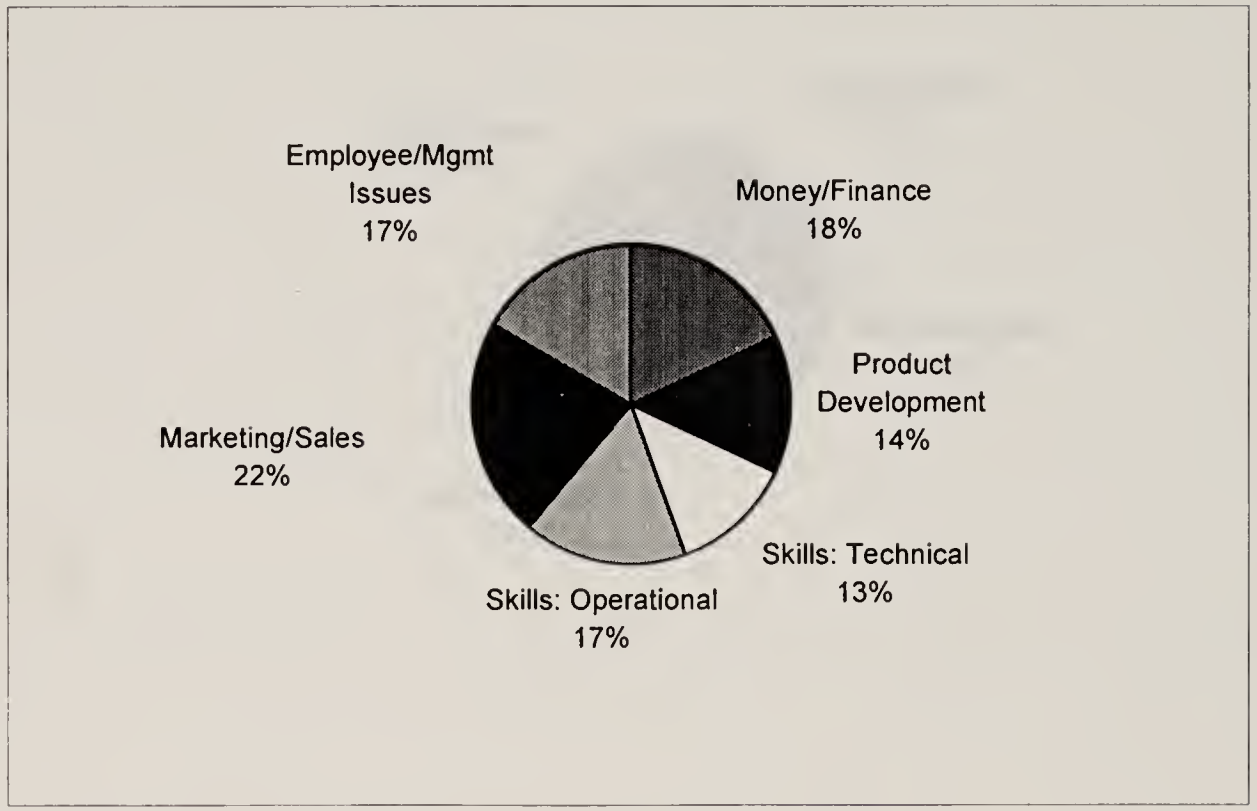
What Should Our Priorities Be? Name of City: **Bozeman**

INTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Money/Finance	4	4	2	
Product Development	2	6	2	
Skills: Operational	2	7	1	
Skills: Technical	1	8	1	
Marketing/Sales	1	9		
Employee Management	4	5		1
Other				

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

Money/Finance	26
Product Development	20
Skills: Technical	18
Skills: Operational	24
Marketing/Sales	32
Employee/Management Issues	24
Other	
Total	144

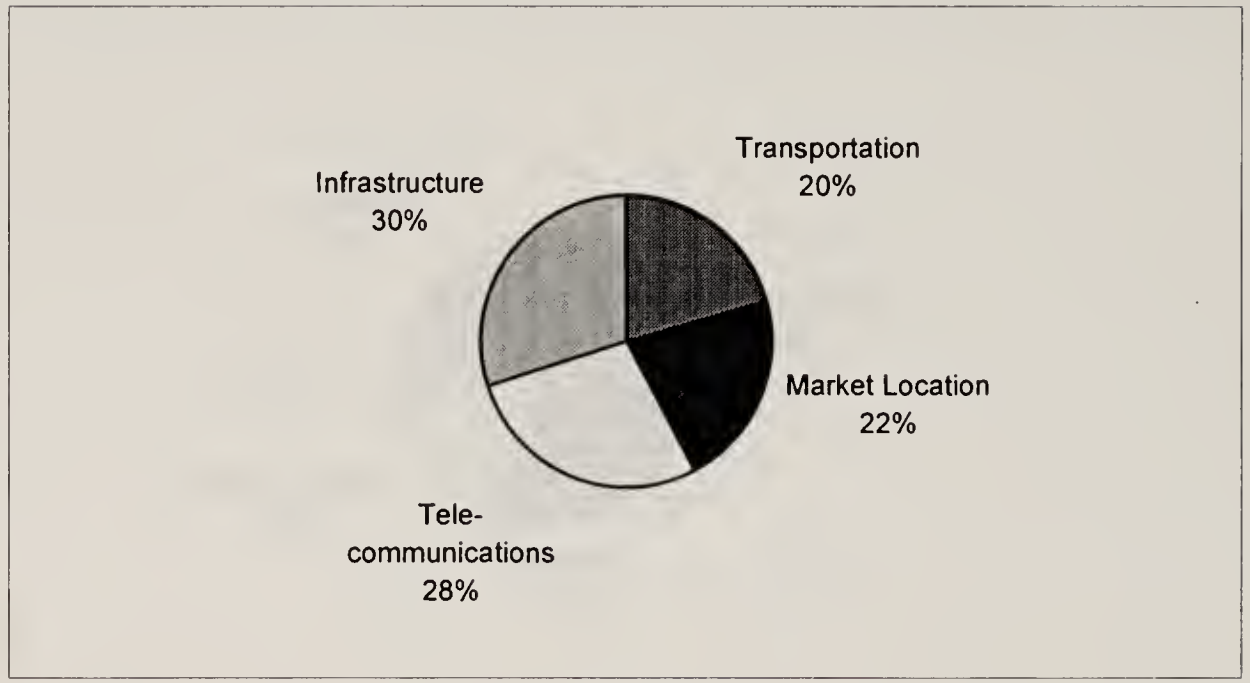


EXTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Transportation	2	3	3	2
Market Location	1	5	1	3
Telecommunications	4	2	1	3
Infrastructure	5	2		3
Other:				
R&D			1	

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	17
Market Location	18
Telecommunications	23
Infrastructure	25
Other	
Total	83

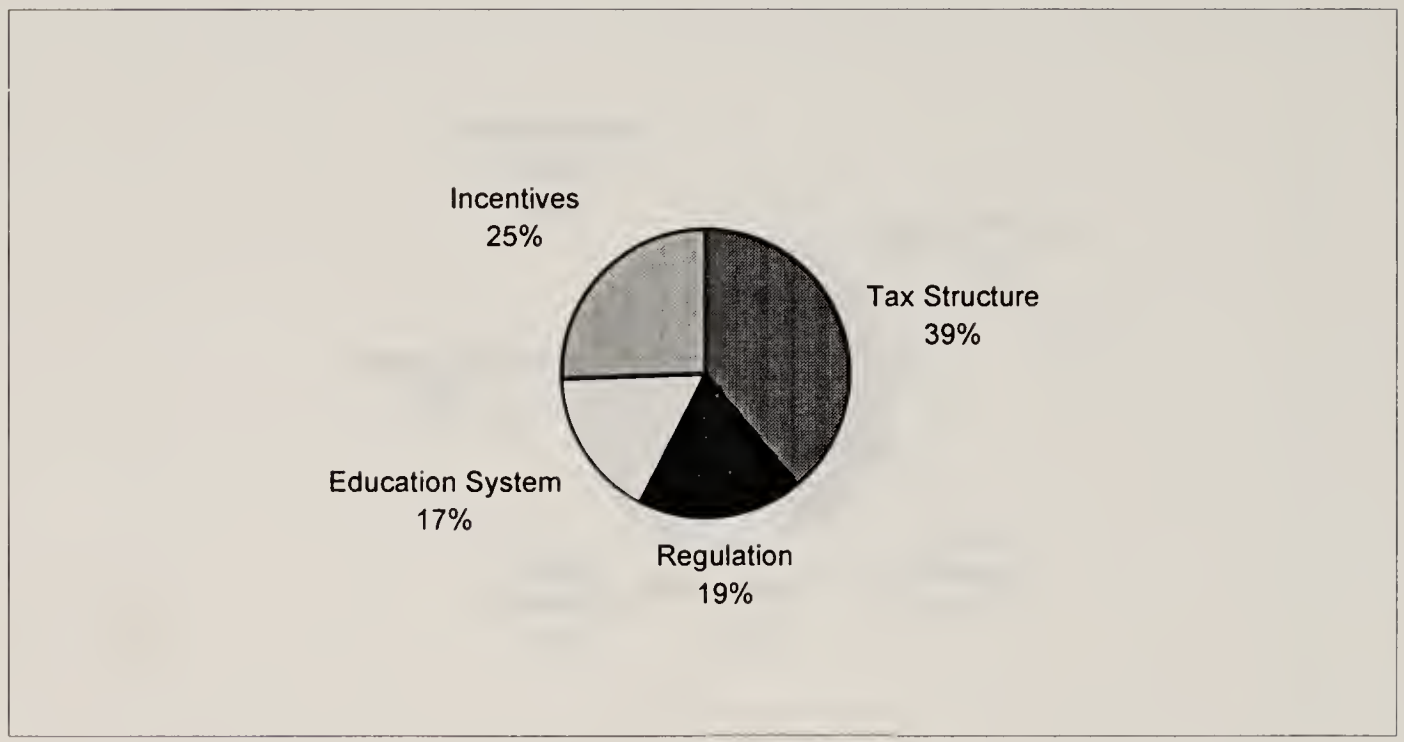


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	7	1		1
Regulation		6	2	1
Education System		2	6	1
Incentives	2	2	4	1
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	23
Regulation	11
Education System	10
Incentives	15
Other	
Total	59



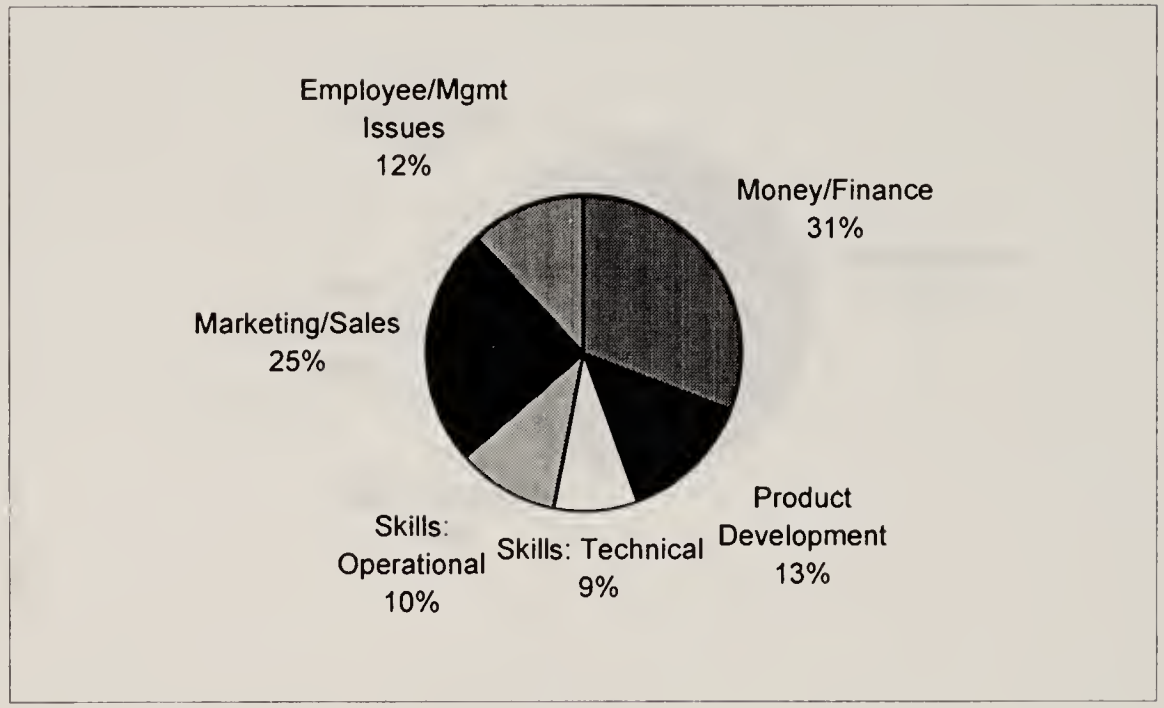
What Should Our Priorities Be? Name of City: **Havre**

INTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Money/Finance	4	4		
Product Development	1	4	2	1
Skills: Operational	1	5	2	
Skills: Technical	1	7		
Marketing/Sales	4	4		
Employee Management	1	4	2	1
Other				

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

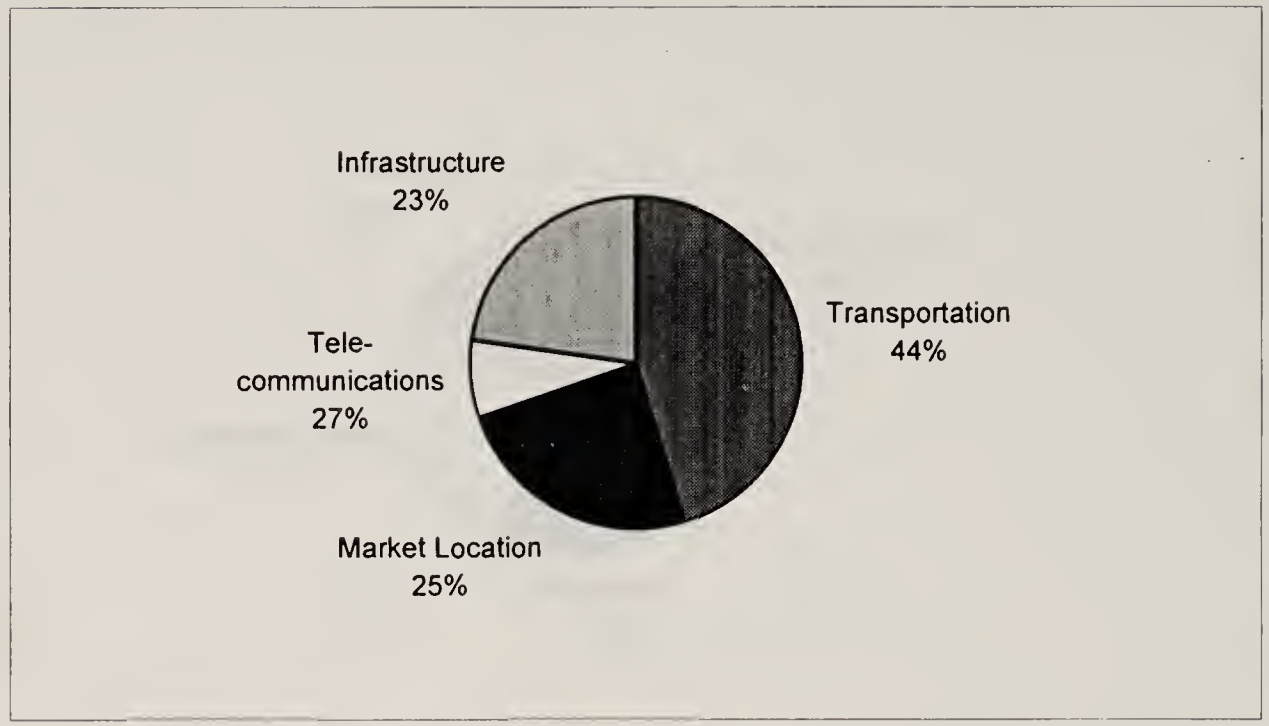
Money/Finance	39
Product Development	17
Skills: Technical	11
Skills: Operational	13
Marketing/Sales	31
Employee/Mgmt Issues	15
Other	
Total	126



EXTERNAL FACTORS	Number of Responses for Each Category			
How significant is an obstacle?	Very	Somewhat	Not Significant	Don't Know
Transportation	7	1		
Market Location	6	1		1
Telecommunications	1	2	4	1
Infrastructure	3	3	1	1
Other:				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	24
Market Location	13
Telecommunications	4
Infrastructure	12
Other	
Total	53

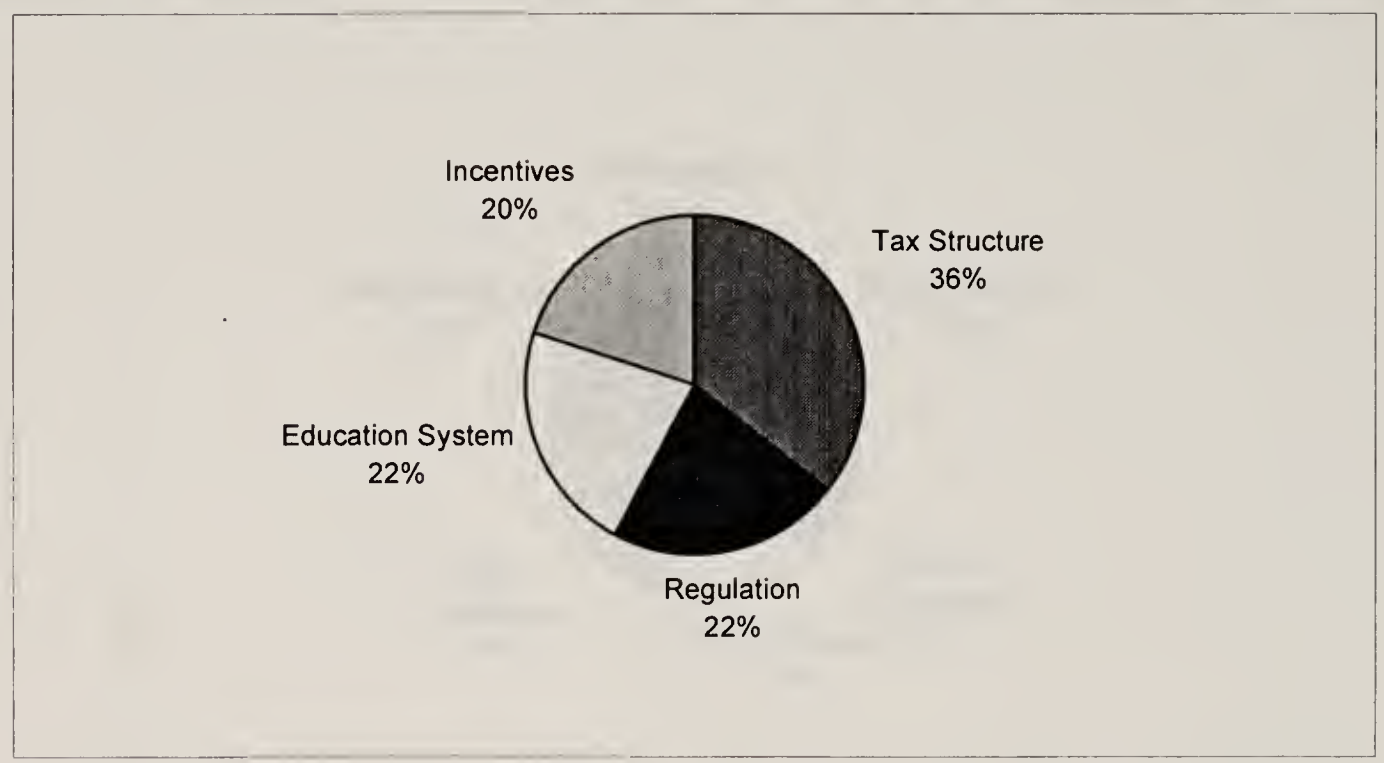


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	6	2		
Regulation	6	1		1
Education System	1	4	3	
Incentives	3	4	1	
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	16
Regulation	10
Education System	10
Incentives	9
Other	
Total	45



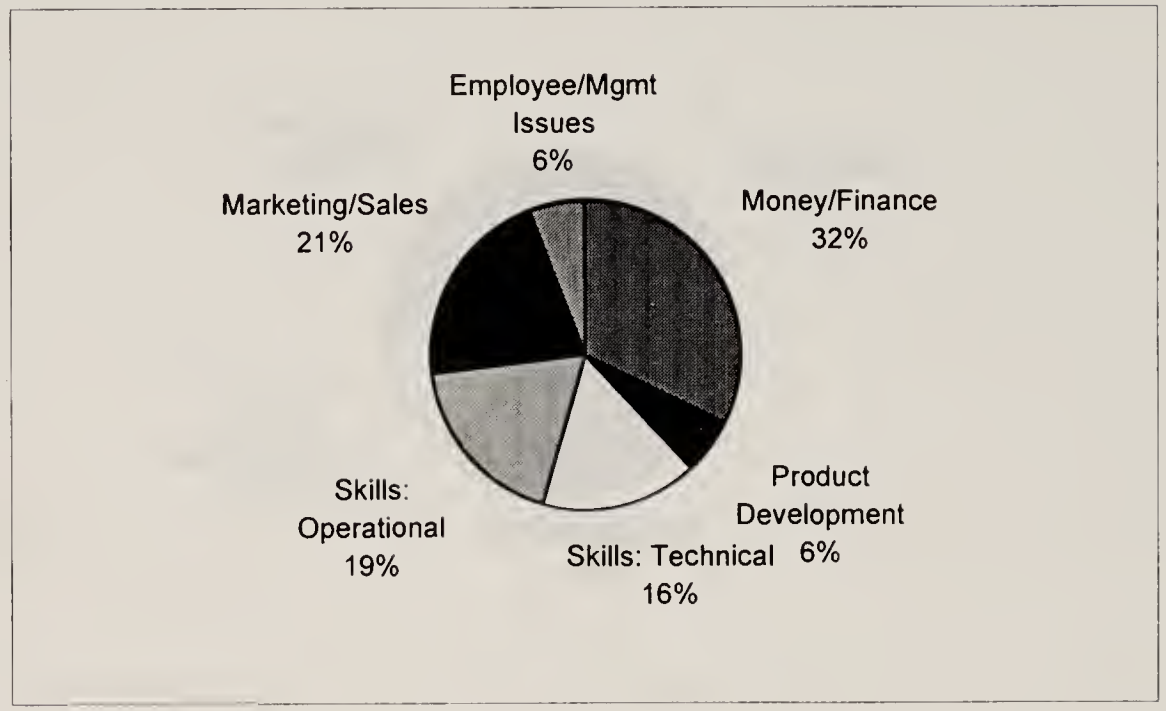
What Should Our Priorities Be? Name of City: **Missoula**

INTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Money/Finance	6	2		
Product Development		5	3	
Skills: Operational	2	5	1	
Skills: Technical	3	3	2	
Marketing/Sales	5	2	1	
Employee Management		4	3	1
Other				
Training Needs				

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

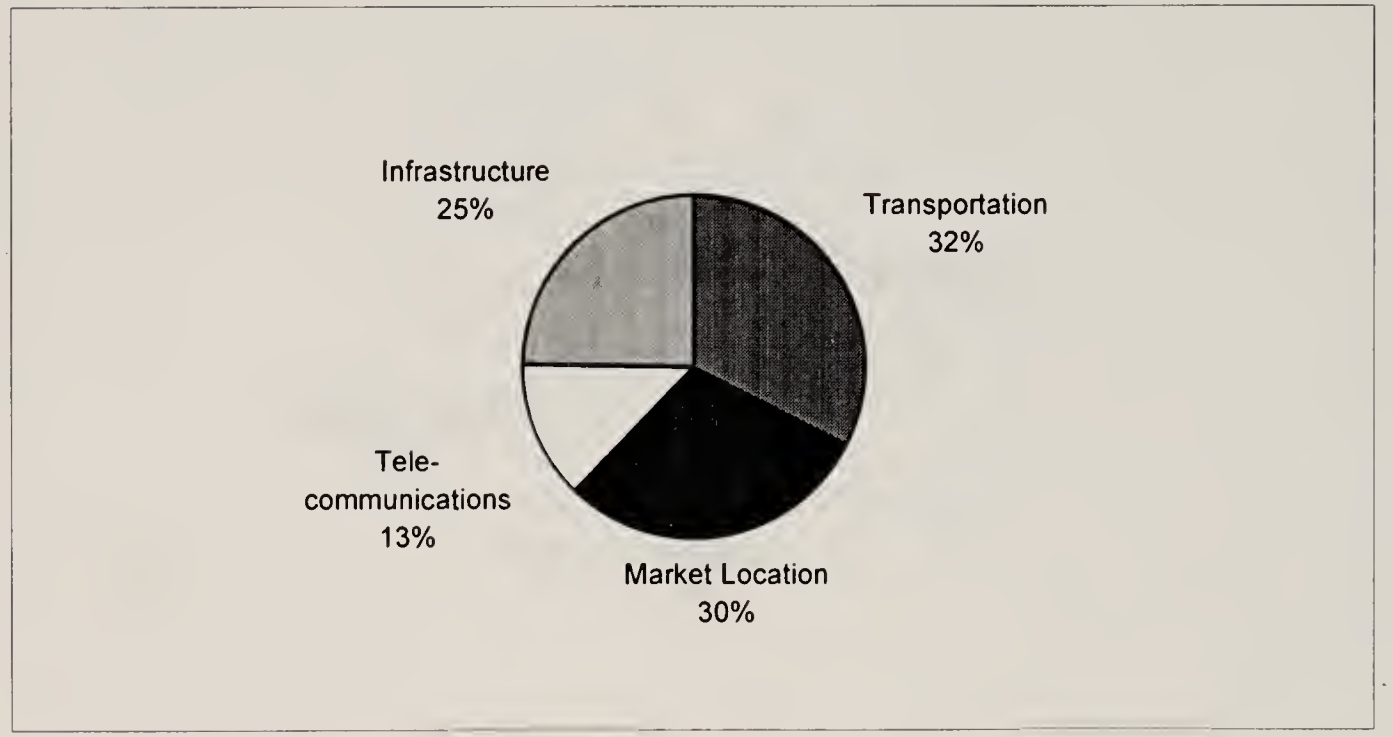
Money/Finance	43
Product Development	8
Skills: Technical	22
Skills: Operational	25
Marketing/Sales	28
Employee/Mgmt Issues	8
Other	
Total	134



EXTERNAL FACTORS	Number of Responses for Each Category			
How significant is an obstacle?	Very	Somewhat	Not Significant	Don't Know
Transportation	6	1	1	
Market Location	4	4		
Telecommunications	2	2	4	
Infrastructure	4	3	1	
Other:				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	25
Market Location	23
Telecommunications	10
Infrastructure	19
Other	
Total	77

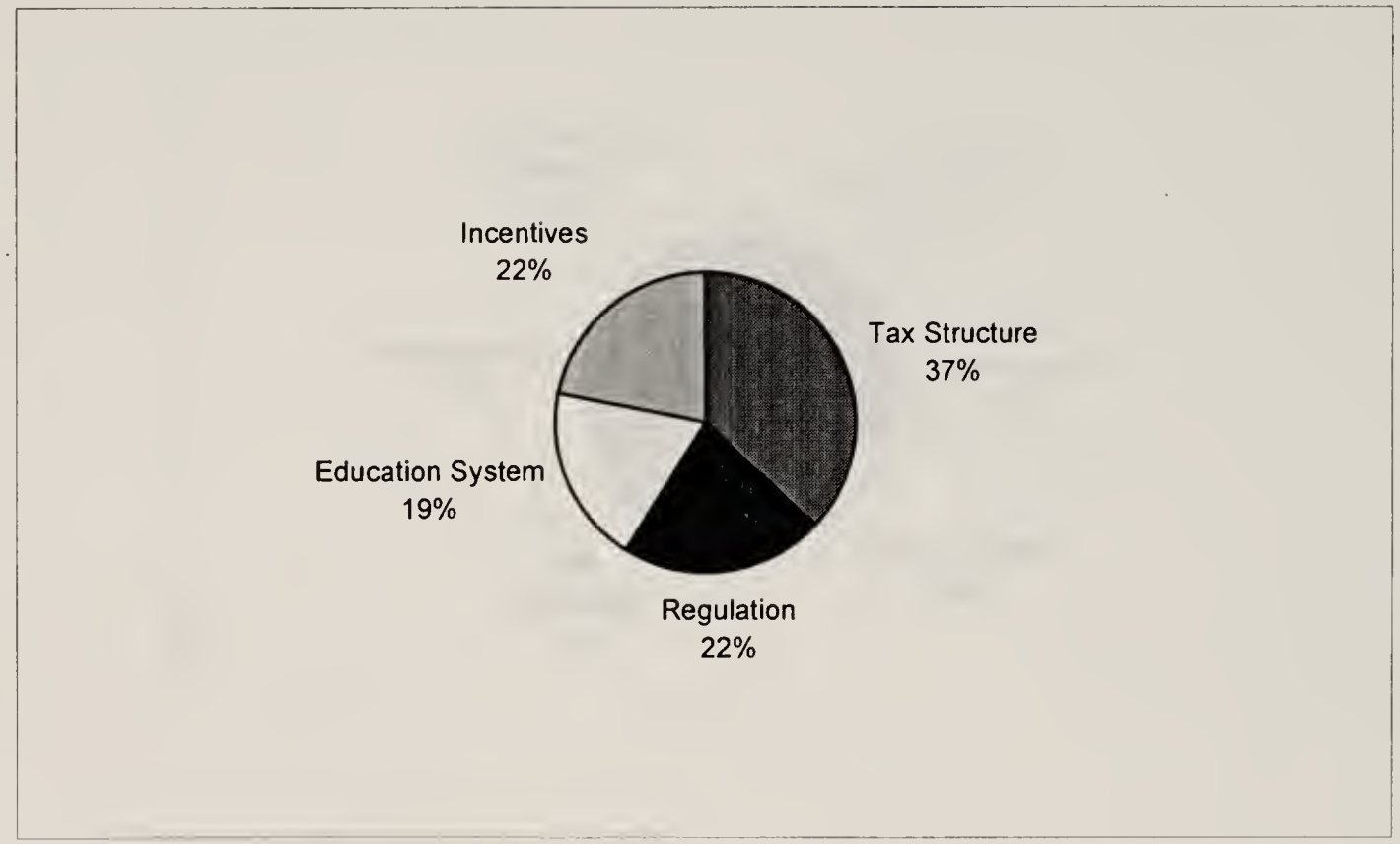


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	5	3		
Regulation	1	5	2	
Education System	1	3	4	
Incentives	2	3	3	
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	27
Regulation	16
Education System	14
Incentives	16
Other	
Total	73

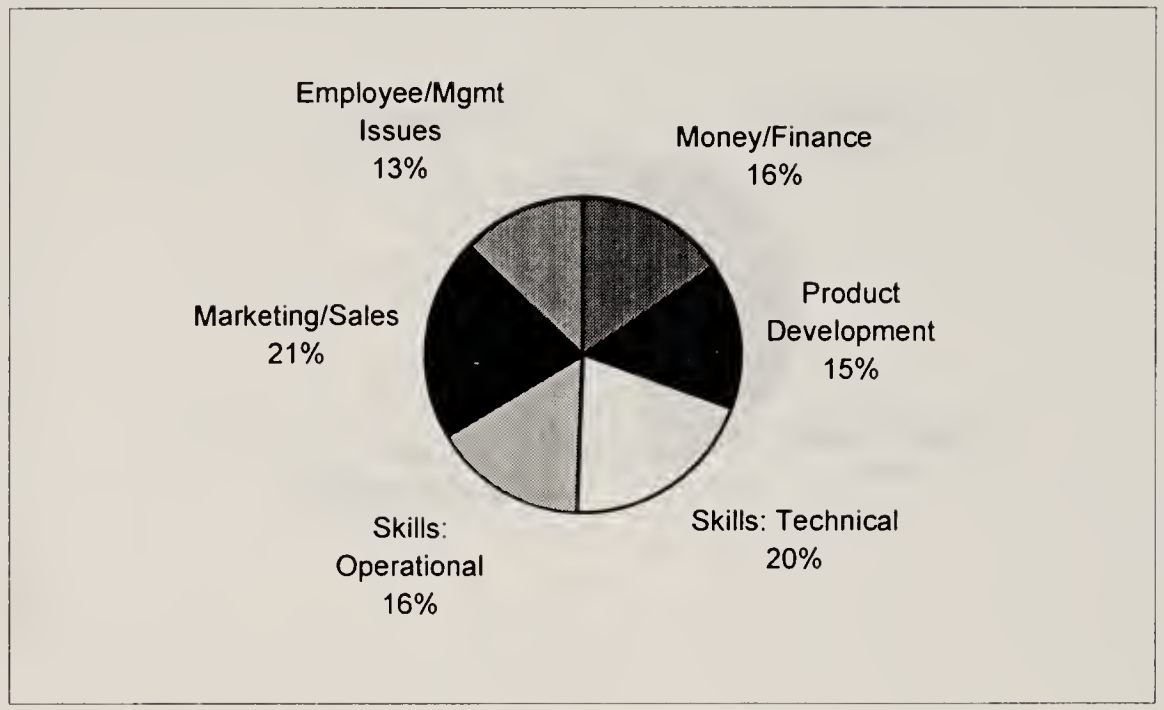


What Should Our Priorities Be? Name of City: **Billings**

INTERNAL FACTORS How significant is an obstacle?	Number of Responses for Each Category Very	Somewhat	Not Significant	Don't Know
Money/Finance	3	4	3	
Product Development	4	4	2	
Skills: Operational	2	8		
Skills: Technical	8	2		
Marketing/Sales	6	4		
Employee Management	5	3	2	
Other				

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

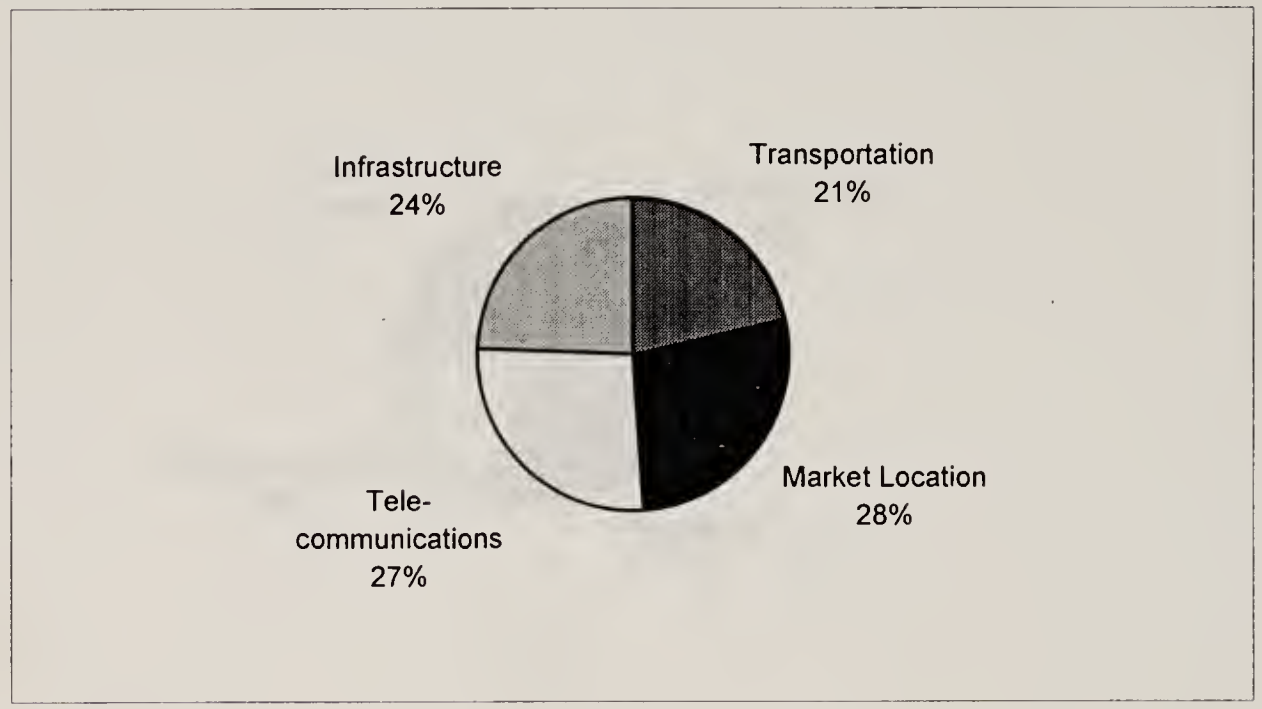
Money/Finance	33
Product Development	32
Skills: Technical	42
Skills: Operational	34
Marketing/Sales	44
Employee/Mgmt Issues	27
Other	
Total	212



EXTERNAL FACTORS	Number of Responses for Each Category			
How significant is an obstacle?	Very	Somewhat	Not Significant	Don't Know
Transportation	3	5	2	
Market Location	7	1	2	
Telecommunications	6	3	1	
Infrastructure	2	7	1	
Other:				
Coordinated Training		1		

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	21
Market Location	27
Telecommunications	26
Infrastructure	24
Other	
Total	98

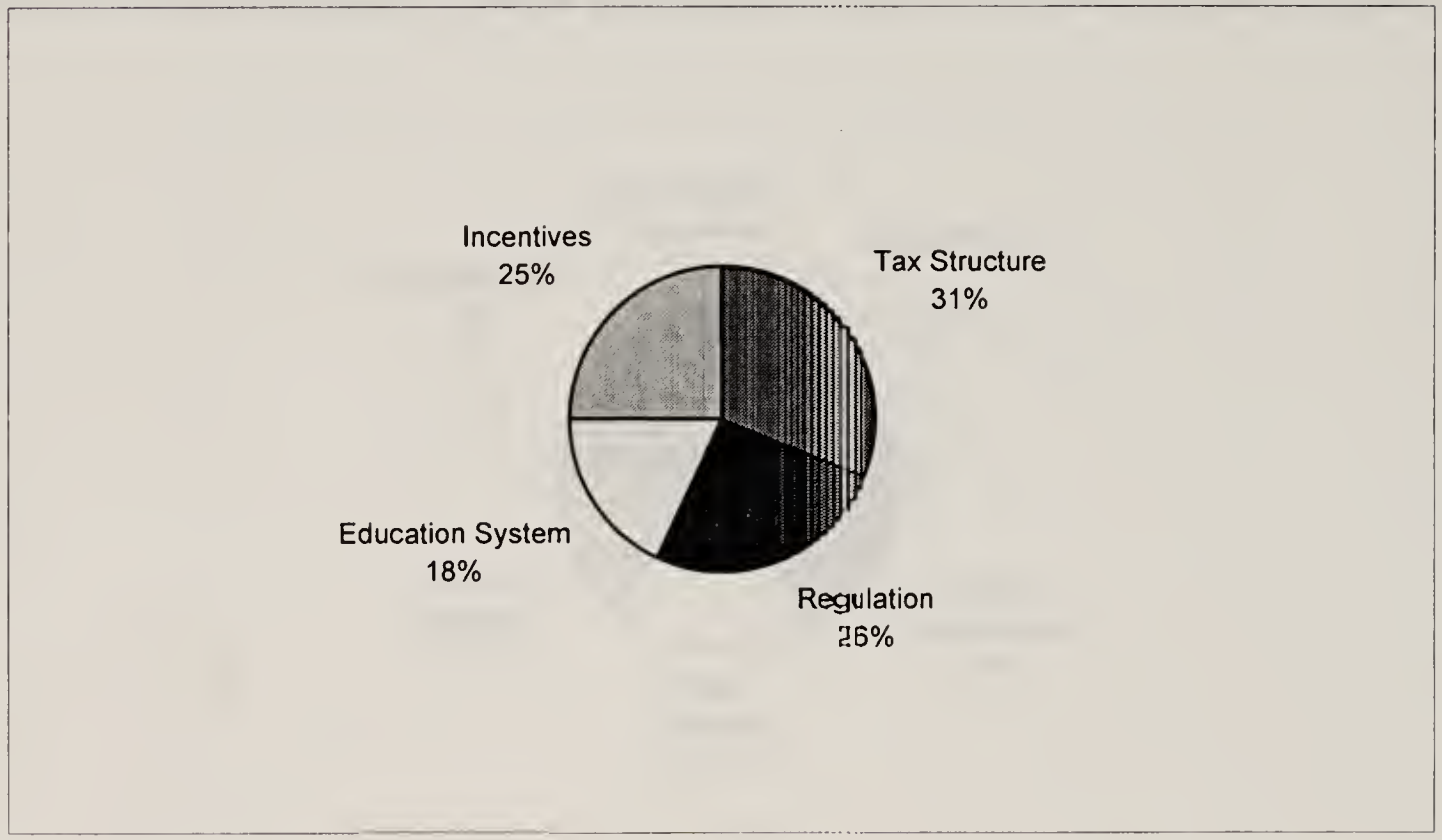


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	5	5		
Regulation	3	4	3	
Education System	1	5	4	
Incentives	3	4	3	
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	31
Regulation	26
Education System	18
Incentives	25
Other	
Total	100



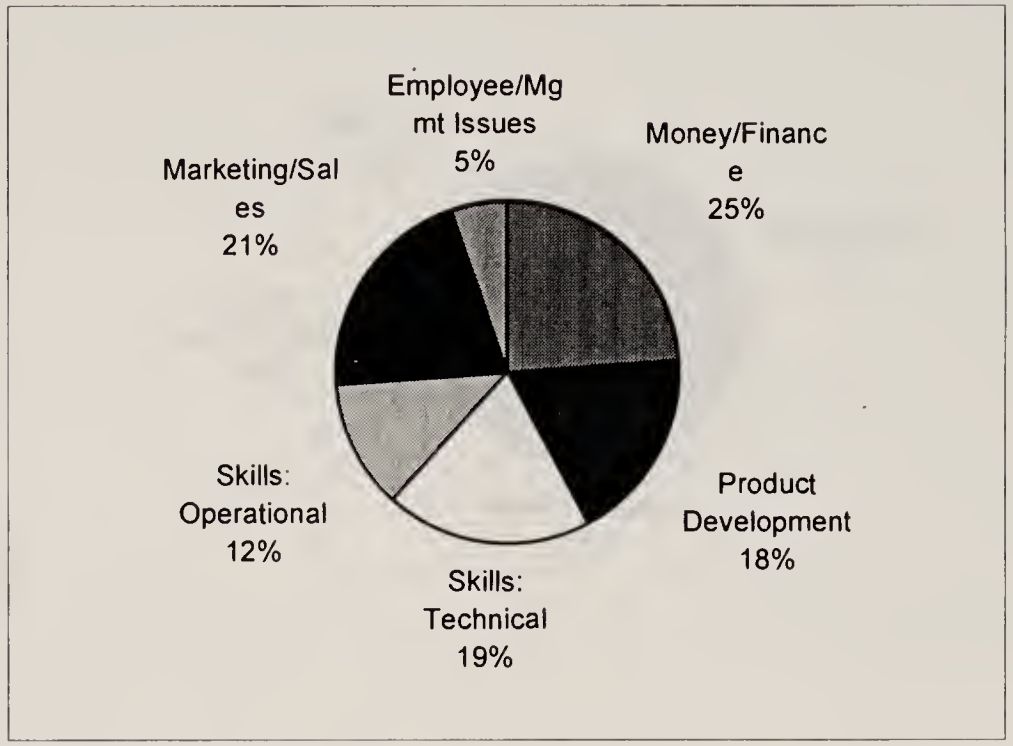
What Should Our Priorities Be? Name of City: **Kalispell**

INTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category: Very	Somewhat	Not Significant	Don't Know
Money/Finance	4	3	1	
Product Development	4	1	2	1
Skills: Operational	2	3	2	1
Skills: Technical	3	5		
Marketing/Sales	3	4	1	
Employee Management		4	4	
Other T/A Support	1			

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

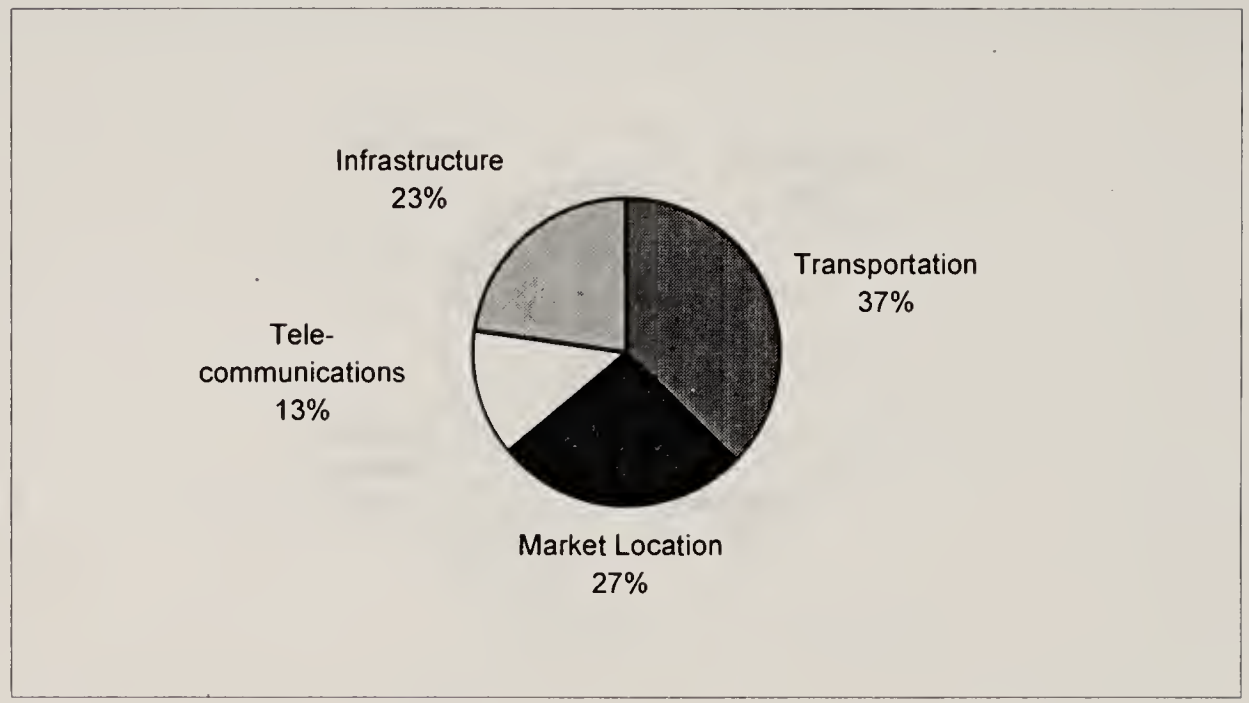
Money/Finance	37
Product Development	28
Skills: Technical	30
Skills: Operational	19
Marketing/Sales	32
Employee/Mgmt Issues	8
Other	
Total	154



EXTERNAL FACTORS	Number of Responses for Each Category			
How significant is an obstacle?	Very	Somewhat	Not Significant	Don't Know
Transportation	6	2		
Market Location	5	2	1	
Telecommunications	1	4	3	
Infrastructure	4	3	1	
Other:				
Economic Data	1			
Housing	1			

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	28
Market Location	20
Telecommunications	10
Infrastructure	17
Other	
Total	75

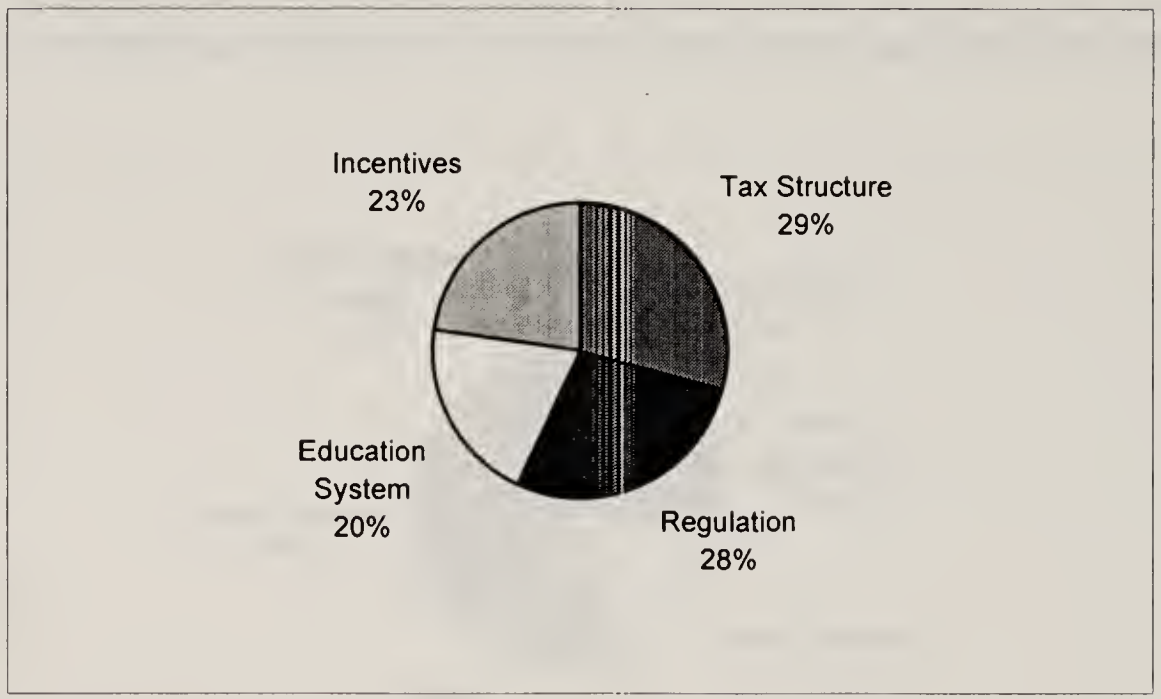


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	5	3		
Regulation	2	5	1	
Education System	2	4	2	
Incentives	4	4		
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	23
Regulation	22
Education System	16
Incentives	18
Other	
Total	79

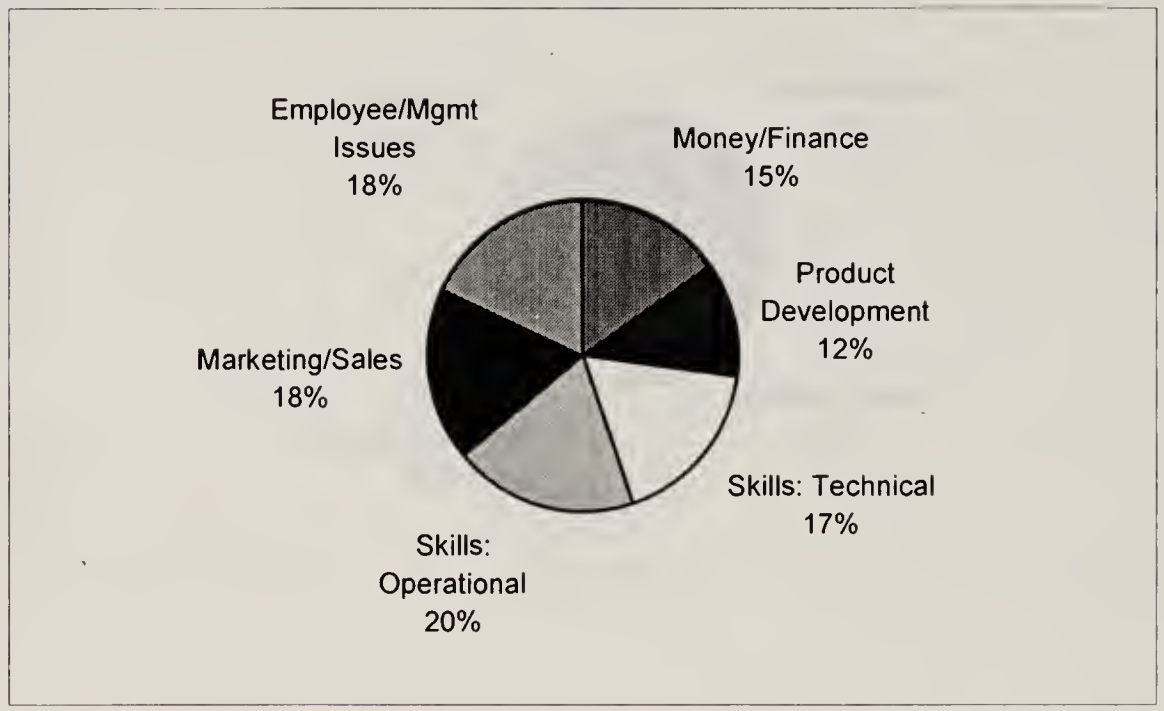


What Should Our Priorities Be? Name of City: **Helena**

INTERNAL FACTORS How significant is an obstacle?	Number of Responses for Each Category: Very	Somewhat	Not Significant	Don't Know
Money/Finance	7	6	2	1
Product Development	2	7	5	2
Skills: Operational	1	8	7	
Skills: Technical	2	6	9	
Marketing/Sales	5	8	3	
Employee Management	5	8	2	
Other				
Wages/Benefits	1			

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

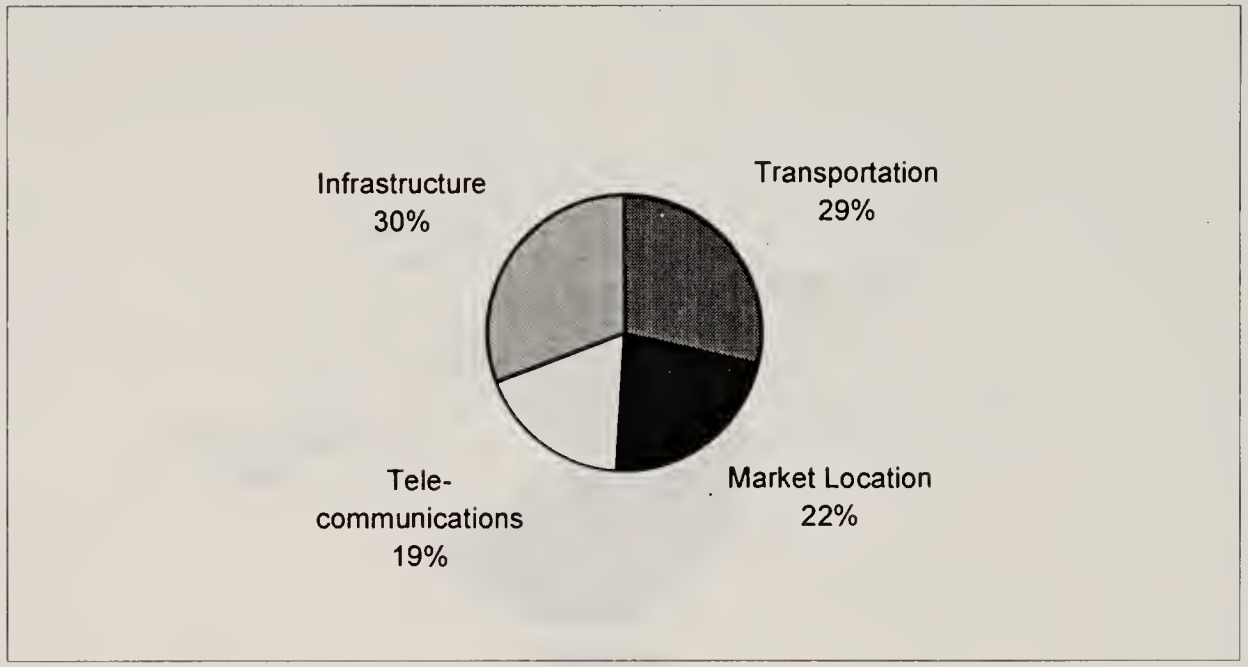
Money/Finance	42
Product Development	33
Skills: Technical	48
Skills: Operational	53
Marketing/Sales	49
Employee/Mgmt Issues	50
Other	
Total	275



EXTERNAL FACTORS	Number of Responses for Each Category			
How significant is an obstacle?	Very	Somewhat	Not Significant	Don't Know
Transportation	9	5	1	
Market Location	5	7	2	1
Telecommunications	3	7	5	
Infrastructure	8	7		
Other:				
Rules & Regs.	1			

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	40
Market Location	31
Telecommunications	26
Infrastructure	43
Other	
Total	140

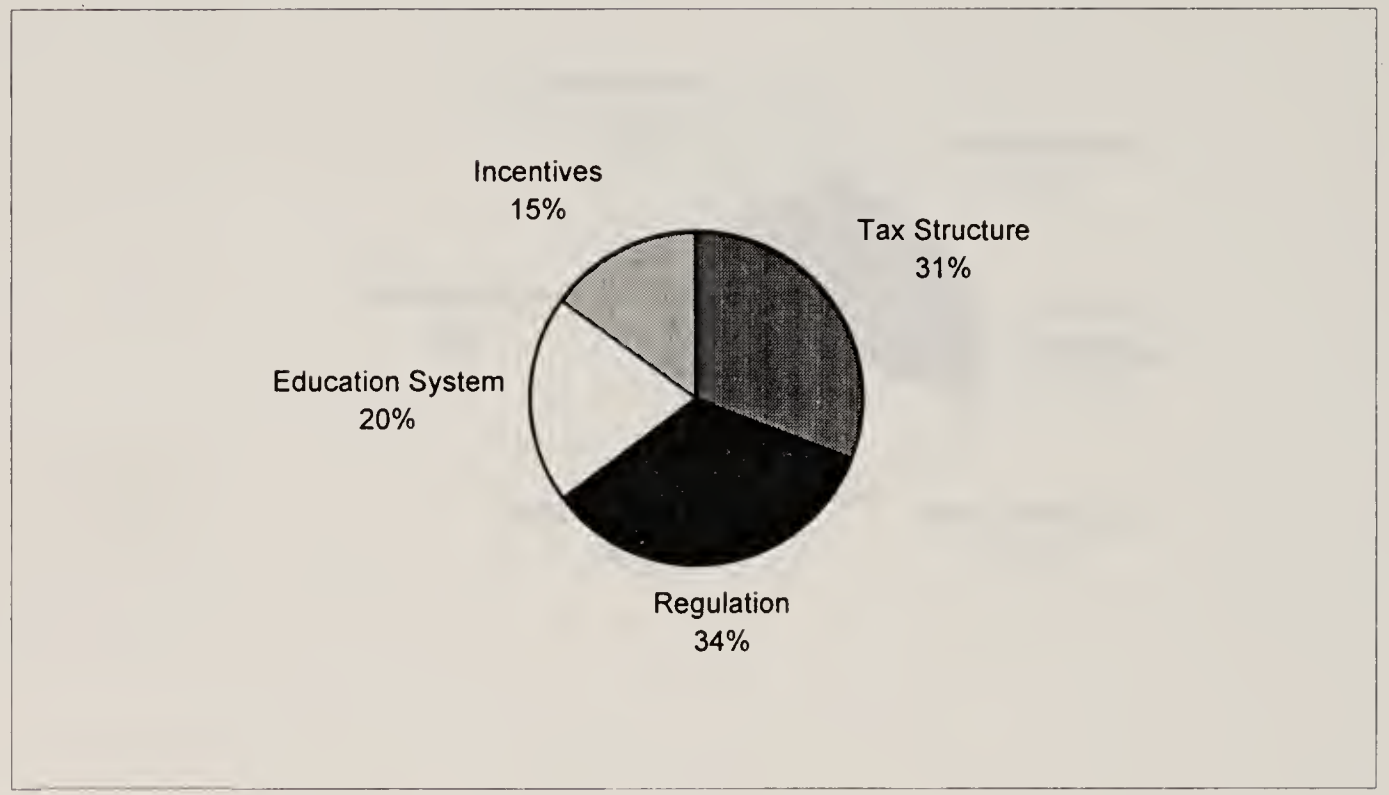


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	6	9		
Regulation	8	7		
Education System	5	4	6	
Incentives	1	7	5	1
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	43
Regulation	47
Education System	28
Incentives	21
Other	

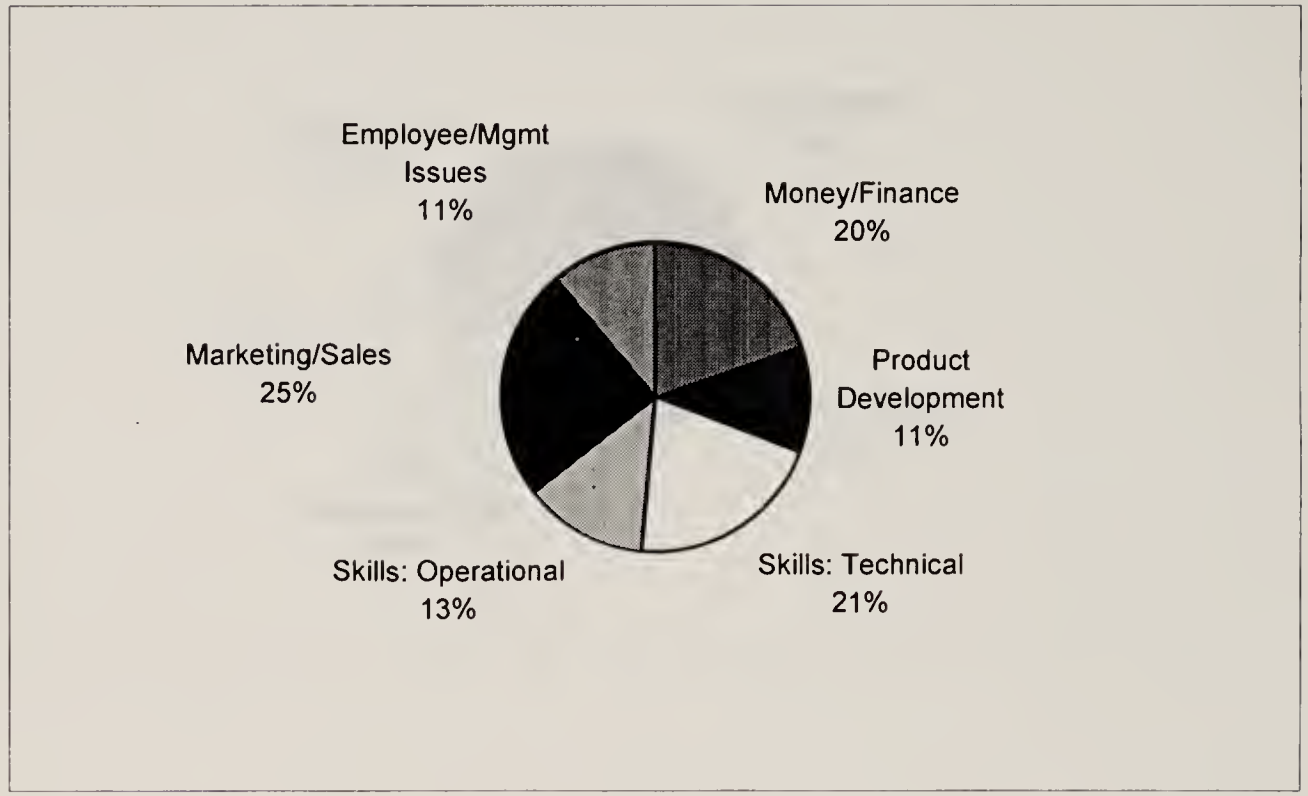


What Should Our Priorities Be? Name of City: **Butte**

INTERNAL FACTORS How significant is an obstacle?	Number of Responses for Each Category Very	Somewhat	Not Significant	Don't Know
Money/Finance	2	7	2	
Product Development	1	7	1	2
Skills: Operational		6	4	1
Skills: Technical	3	6	1	1
Marketing/Sales	7	3	1	
Employee Management		7	3	1
Other				

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

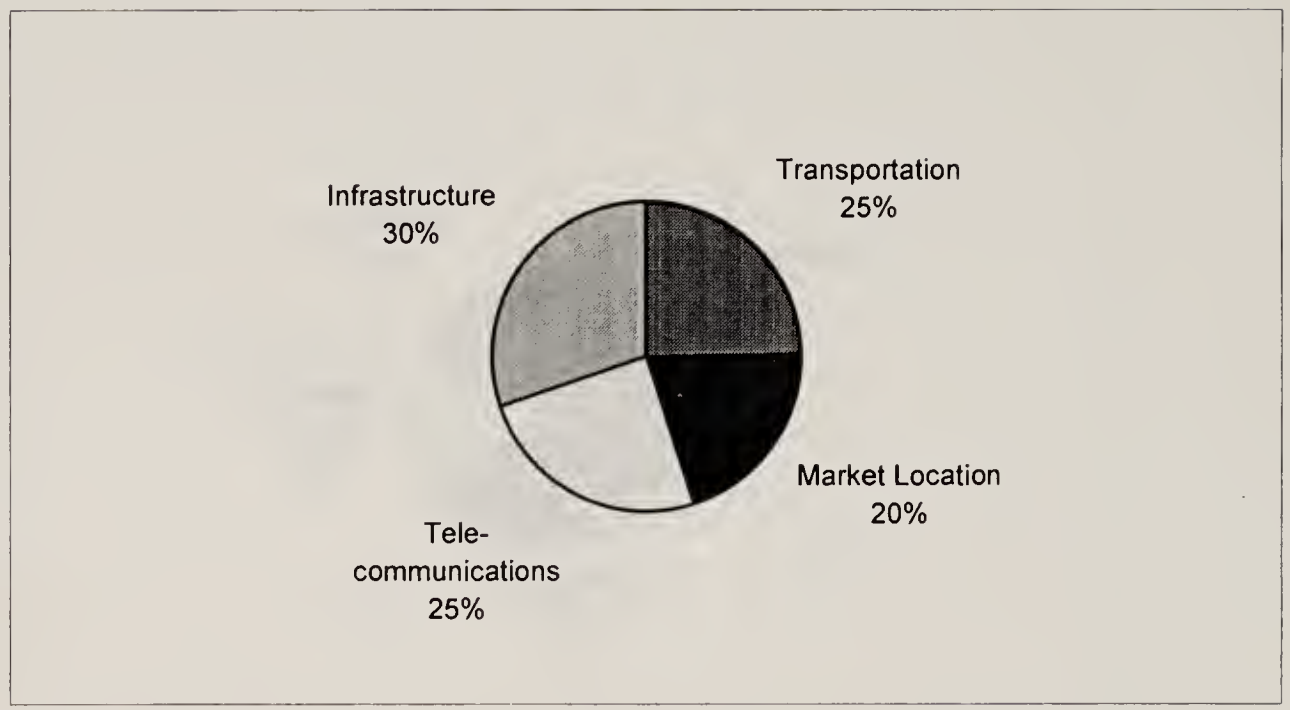
Money/Finance	41
Product Development	23
Skills: Technical	43
Skills: Operational	27
Marketing/Sales	51
Employee/Management Issues	23
Other	
Total	208



EXTERNAL FACTORS	Number of Responses for Each Category			
How significant is an obstacle?	Very	Somewhat	Not Significant	Don't Know
Transportation	5	4	2	
Market Location	3	8		
Telecommunications	3	2	6	
Infrastructure	7	3		1
Other:				
Housing	1			
Services	1			

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	27
Market Location	22
Telecommunications	27
Infrastructure	33
Other	
	109

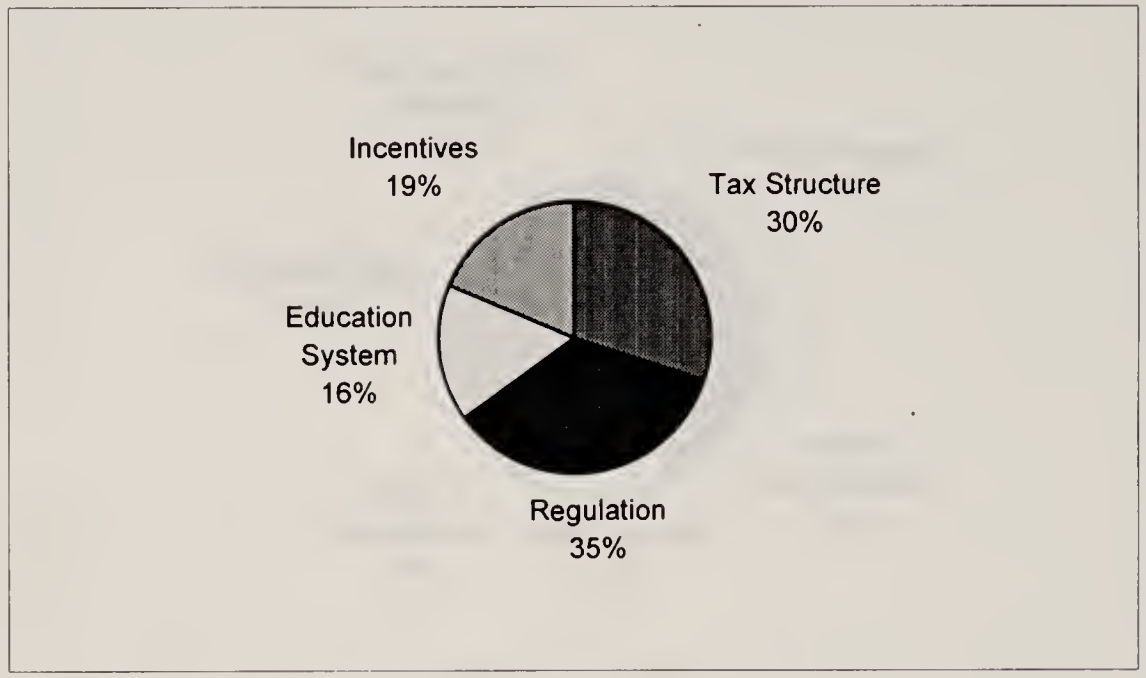


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	2	9		
Regulation	4	6		1
Education System	2	5	4	
Incentives	4	4	3	
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	29
Regulation	34
Education System	16
Incentives	18
Other	
	97



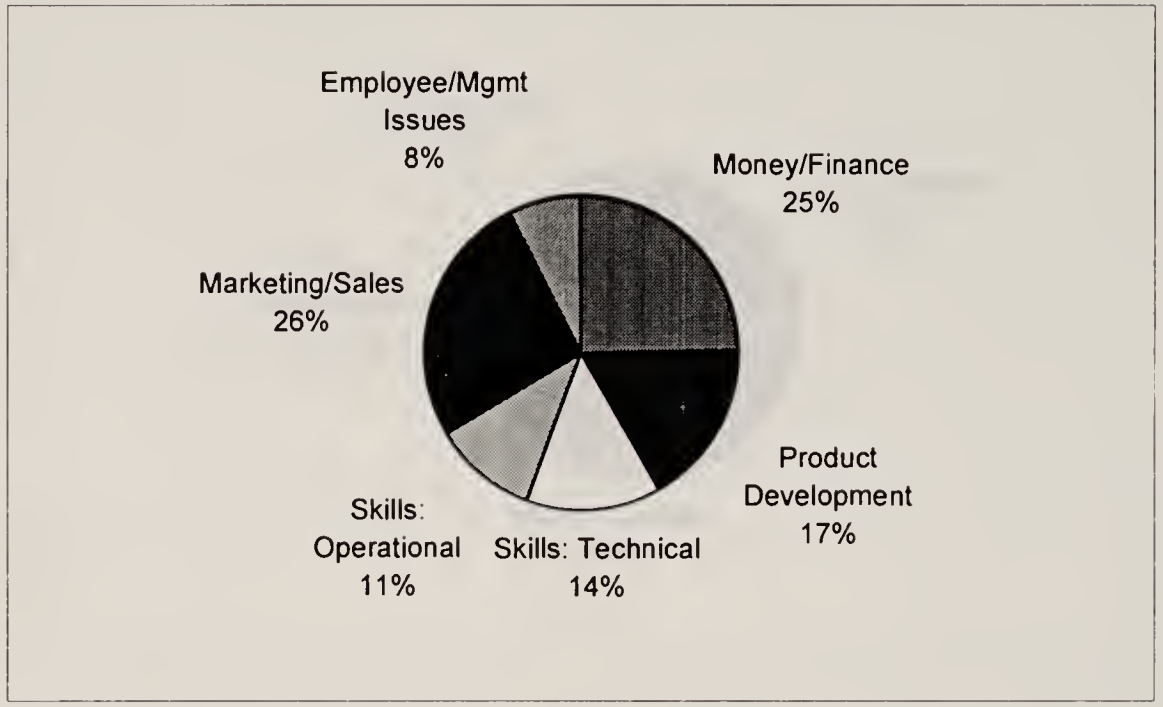
What Should Our Priorities Be? Name of City: **Great Falls**

INTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category: Very	Somewhat	Not Significant	Don't Know
Money/Finance	4	3	1	
Product Development	2	3	2	1
Skills: Operational	3	2	3	
Skills: Technical	3	5		
Marketing/Sales	5	1	1	1
Employee Management	4	3	1	
Other				

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

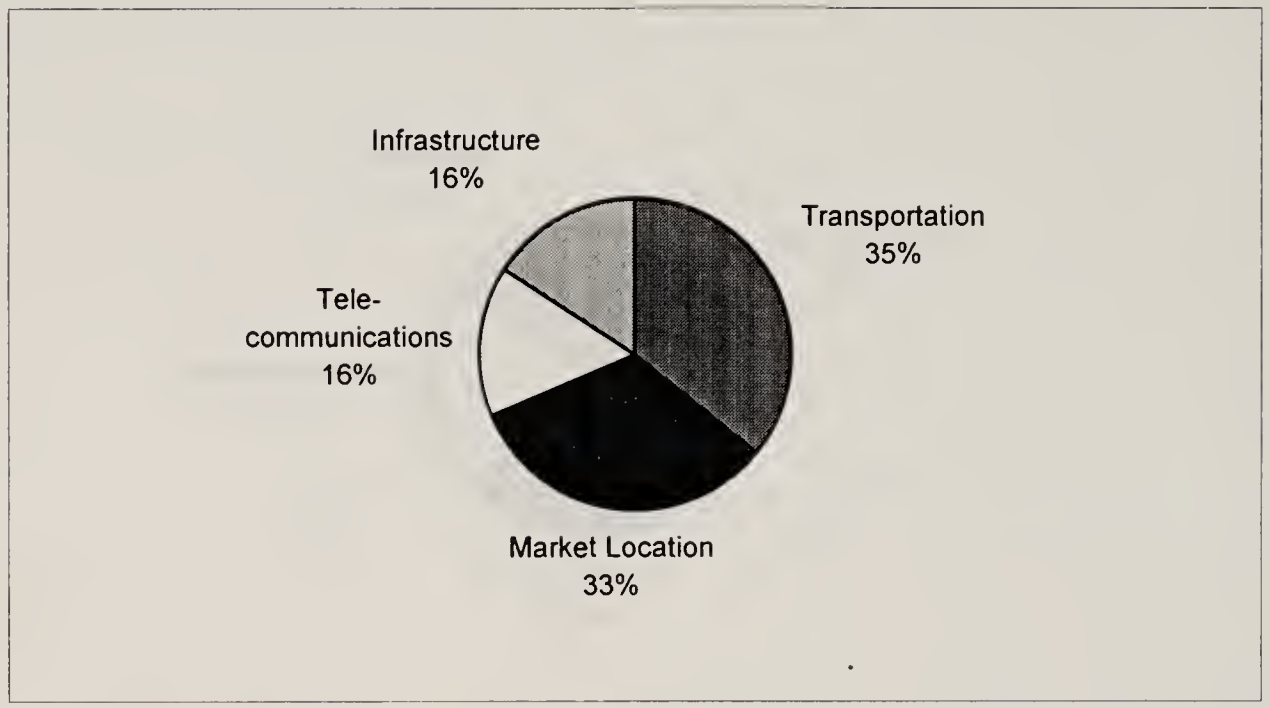
Money/Finance	36
Product Development	25
Skills: Technical	20
Skills: Operational	16
Marketing/Sales	38
Employee/Mgmt Issues	11
Other	
Total	146



EXTERNAL FACTORS	Number of Responses for Each Category			
How significant is an obstacle?	Very	Somewhat	Not Significant	Don't Know
Transportation	4	2	2	
Market Location	4	3		1
Telecommunications	1	2	5	
Infrastructure	2	4	2	
Other:				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	25
Market Location	23
Telecommunications	11
Infrastructure	11
Other	
Total	70

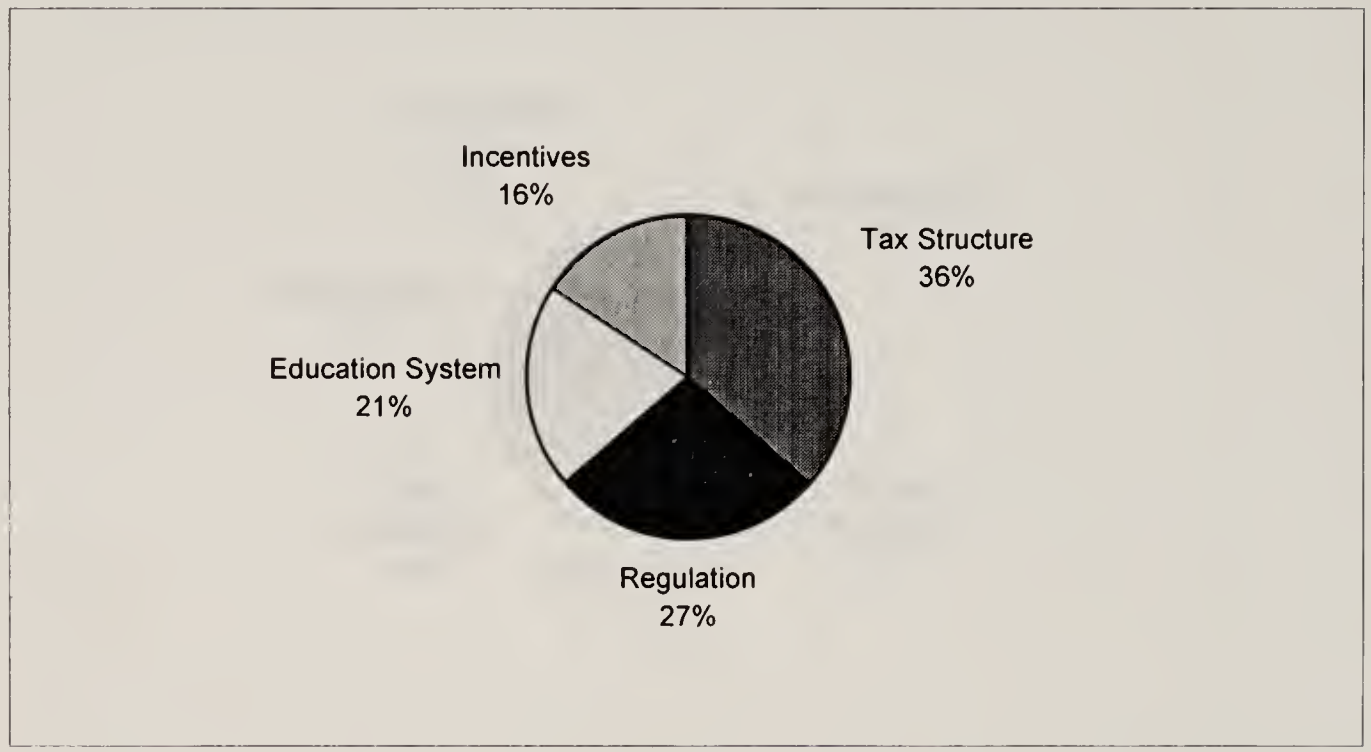


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	3	6		
Regulation	2	5	1	
Education System	2	4	2	
Incentives		6	2	
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	23
Regulation	17
Education System	13
Incentives	10
Other	
Total	63



What Should Our Priorities Be?

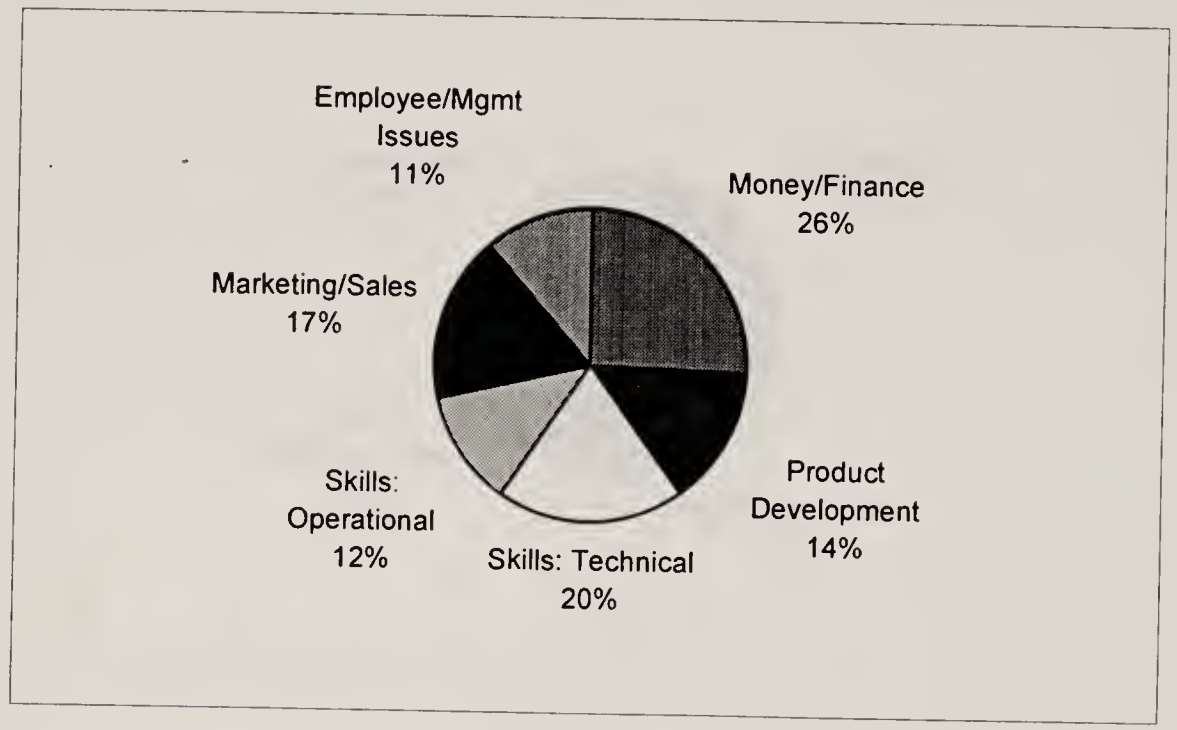
Name of City: **Glendive**

INTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Money/Finance	8	3		
Product Development	1	9	1	
Skills: Operational	2	6	3	
Skills: Technical	2	5	4	
Marketing/Sales	2	8	1	
Employee Management		5	6	
Other				

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

Money/Finance	43
Product Development	24
Skills: Technical	33
Skills: Operational	20
Marketing/Sales	29
Employee/Mgmt Issues	19
Other	
Total	

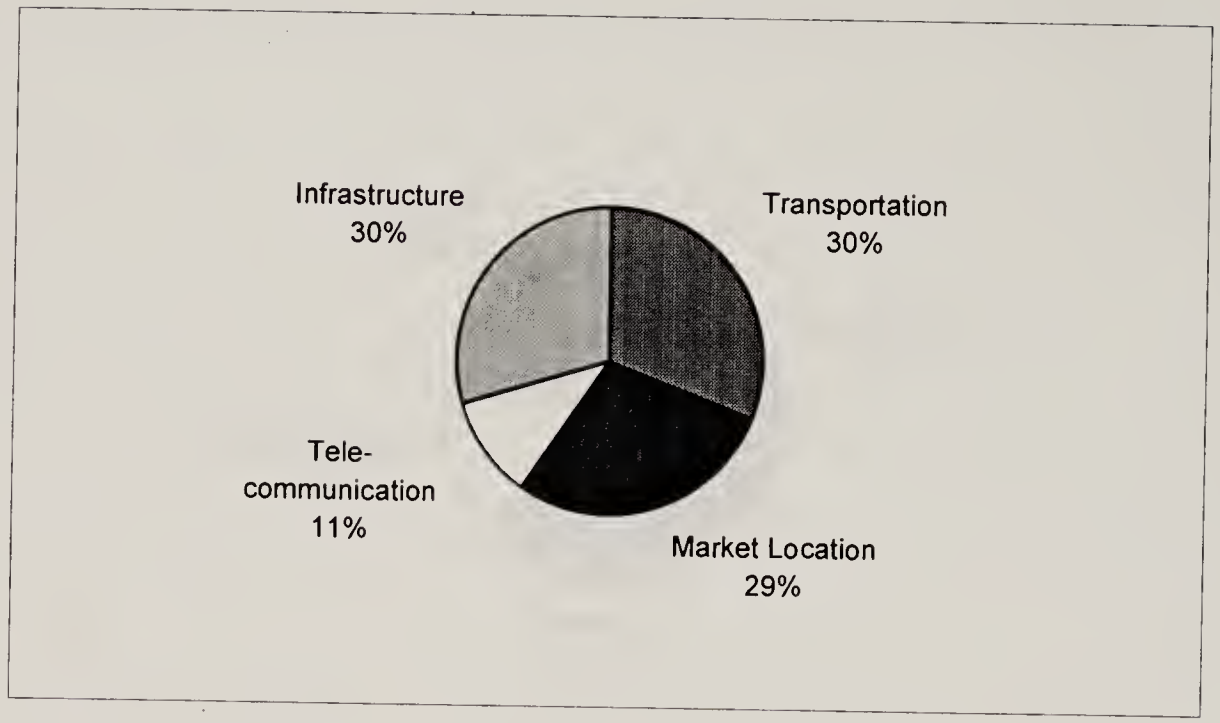


EXTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Transportation	5	3	3	
Market Location	3	7	1	
Telecommunications	1	5	4	1
Infrastructure	6	2	3	
Other:				
Financing				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	28
Market Location	26
Telecommunications	10
Infrastructure	27
Other	
Total	91

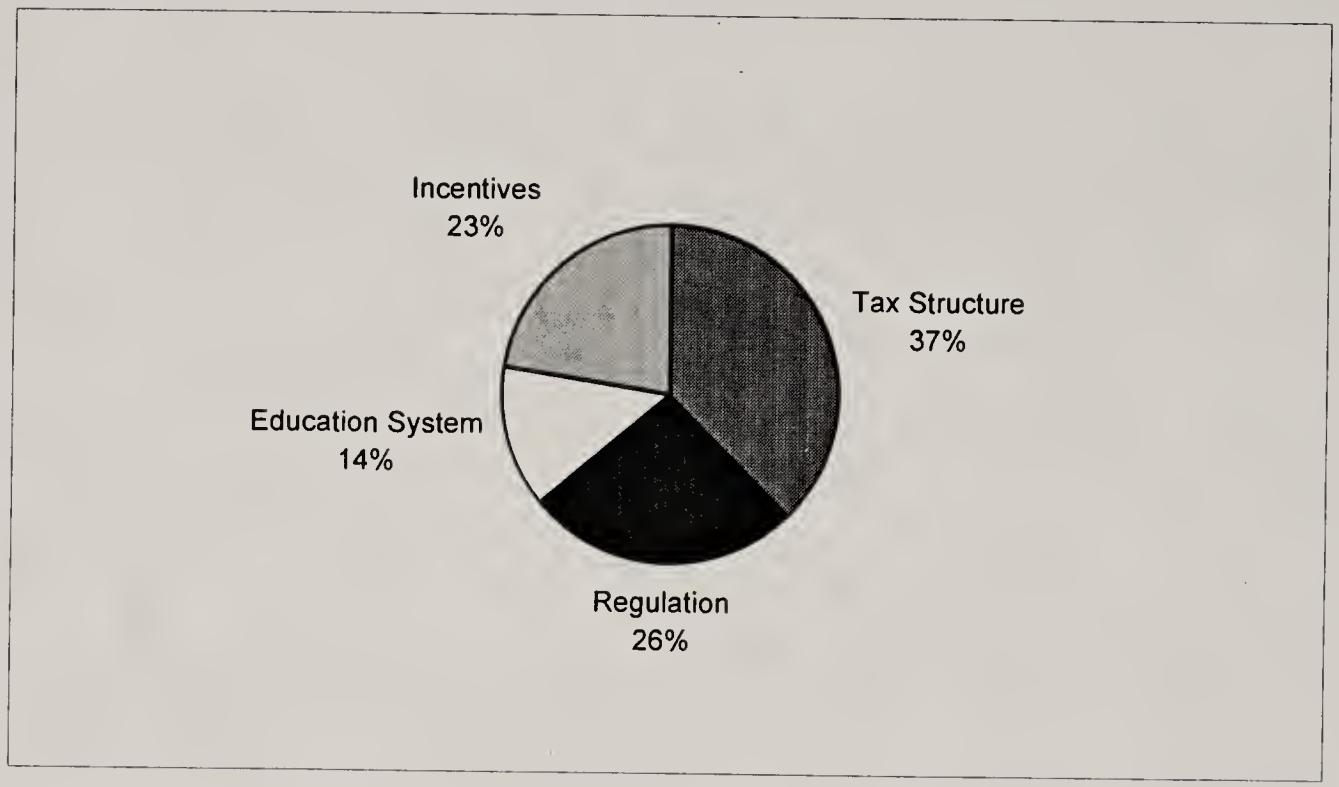


GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	9	1		1
Regulation	7	3		1
Education System	3	2	5	1
Incentives	5	3	2	1
Other				
Responsiveness				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	30
Regulation	21
Education System	11
Incentives	18
Other	



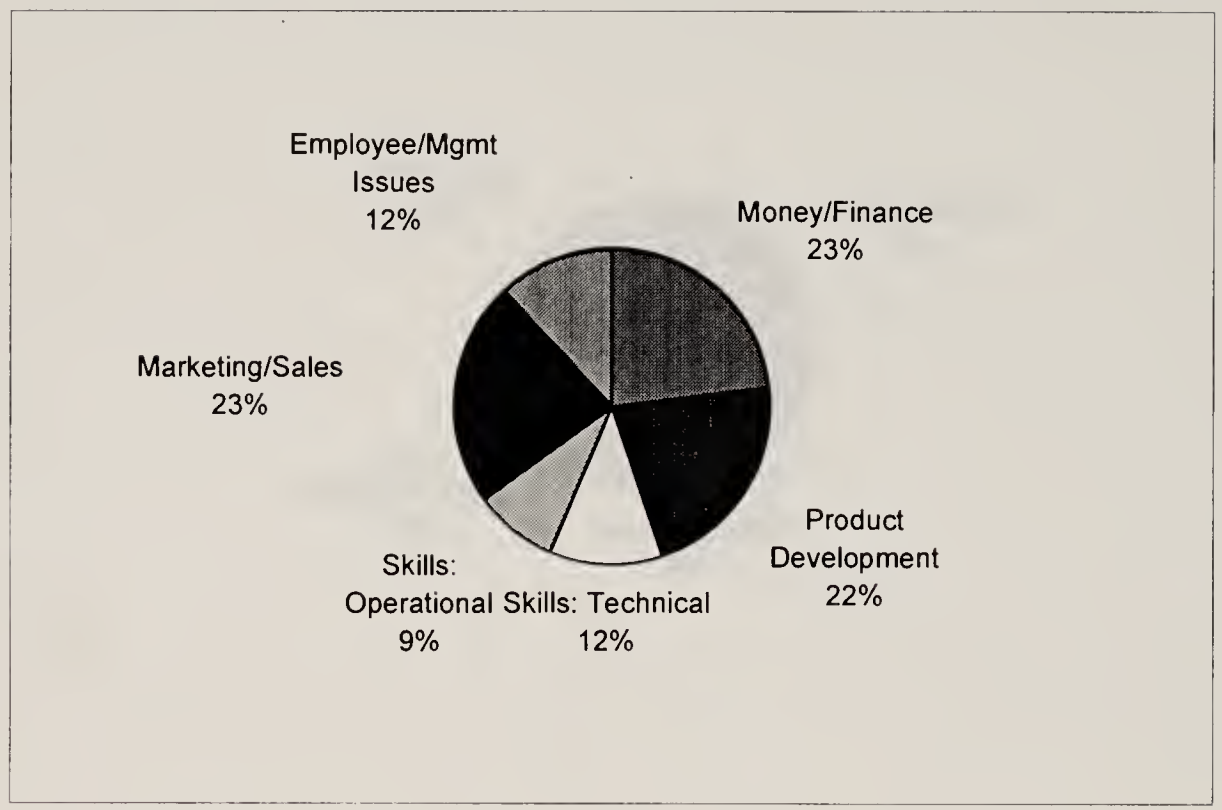
What Should Our Priorities Be? Name of City: **Wolf Point**

INTERNAL FACTORS

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Money/Finance	11	5		1
Product Development	10	4	2	1
Skills: Operational	3	9	3	2
Skills: Technical	5	10	1	1
Marketing/Sales	8	6		3
Employee Management	5	9	1	2
Other				
Education	1			

Relative to one another, which of the following would be the "most significant obstacle" (6) and which would be the "least significant obstacle" (1) to business development in your area.

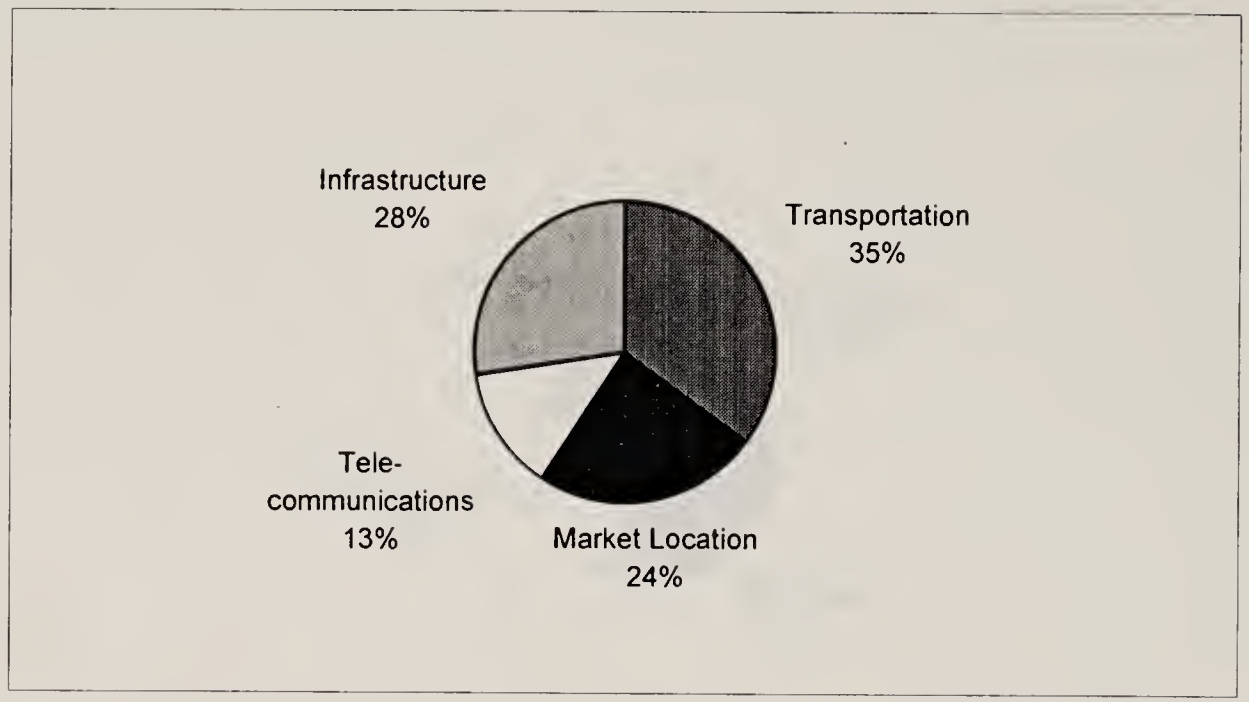
Money/Finance	56
Product Development	53
Skills: Technical	28
Skills: Operational	21
Marketing/Sales	56
Employee/Management Issues	29
Other	
Total	243



EXTERNAL FACTORS	Number of Responses for Each Category			
How significant is an obstacle?	Very	Somewhat	Not Significant	Don't Know
Transportation	12	2	2	1
Market Location	12	2	1	2
Telecommunications	4	8	4	1
Infrastructure	11	3	1	2
Other:				
Education	1			

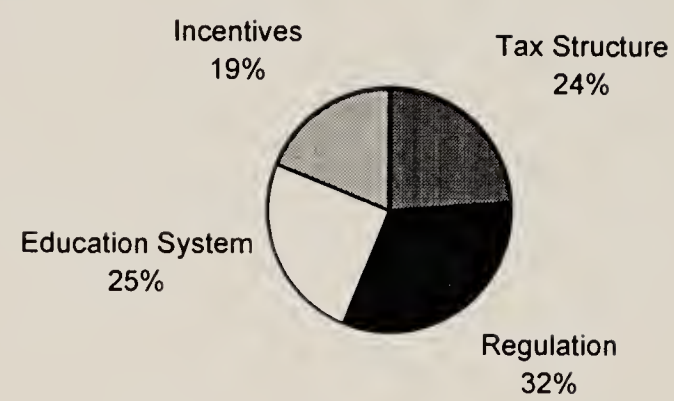
Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Transportation	42
Market Location	29
Telecommunications	16
Infrastructure	33
Other	
	120



GOVERNMENT POLICY

How significant is an obstacle?	Number of Responses for Each Category			
	Very	Somewhat	Not Significant	Don't Know
Tax Structure	8	4	3	1
Regulation	5	8	2	1
Education System	6	6	3	1
Incentives	6	7	2	1
Other				

Relative to one another, which of the following would be the "most significant obstacle" (4) and which would be the "least significant obstacle" (1) to business development in your area.

Tax Structure	24
Regulation	32
Education System	25
Incentives	19
Other	
	100